

Minutes Board of Trustees

February 8, 2018 | 8:30 a.m. - 12:00 p.m. Eastern

Hilton Fort Lauderdale Marina
1881 SE 17th Street
Fort Lauderdale, FL 33316

Call to Order

Mr. Roy Thilly, Chair, called to order the duly noticed open meeting of the Board of Trustees (the “Board”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) in Fort Lauderdale, Florida, on February 8, 2018, at 8:30 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

Roy Thilly, Chair
Kenneth W. DeFontes, Jr., Vice Chair
Charles Berardesco, Interim President and Chief Executive Officer
Janice B. Case
Robert G. Clarke
Frederick W. Gorbet
David Goulding
George S. Hawkins
Suzanne Keenan
Robin E. Manning
Jan Schori

NERC Staff

Tina Buzzard, Associate Director to the Office of the President and CEO
Howard Gugel, Senior Director of Standards
Stan Hoptroff, Vice President, Chief Technology Officer, and Director of Information Technology
Scott Jones, Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Ken McIntyre, Vice President and Director of Standards and Compliance
Sonia Mendonça, Vice President, Acting General Counsel and Corporate Secretary, and Director of Enforcement
James Merlo, Vice President and Director of Reliability Risk Management
Janet Sena, Senior Vice President and Director of Policy and External Affairs
Michael Walker, Senior Vice President and Chief Enterprise Risk and Strategic Development Officer

NERC Antitrust Compliance Guidelines

Mr. Thilly noted the public nature of the meeting and directed the participants' attention to the NERC Antitrust Compliance Guidelines included with the advance meeting materials, and stated that any additional questions regarding these guidelines should be directed to Ms. Mendonça.

Welcoming Remarks

Mr. Thilly welcomed all of the attendees, including Eric Silagy of Florida Power & Light ("FPL"), Chairman Kevin McIntyre of the Federal Energy Regulatory Commission ("FERC"), Bruce Walker of the Department of Energy ("DOE"), and Michael Bardee of FERC. He also recognized the new members of the Board Suzanne Keenan and Rob Manning. Mr. Thilly referenced his report on the status of the CEO search presented at the Member Representatives Committee ("MRC") meeting, and expressed his appreciation of the input received from stakeholders and others regarding candidates and nominating criteria. He reiterated that hiring a CEO is one of the Board's most important responsibilities. He emphasized, regarding the CEO search, that the Board wants to be confident that it is choosing the right person. Mr. Thilly noted that NERC staff and Regional CEOs have performed excellently, and Mr. Berardesco's leadership of the ERO Enterprise has allowed the Board to proceed effectively and without interruption.

Mr. Thilly noted that NERC has a vacancy for Chief Security Officer and a search will be instituted but not concluded until the selection of a CEO so as to allow for the new CEO to have input in the selection. He explained NERC has been coordinating with the Member Executive Committee ("MEC") of the Electricity Subsector Coordinating Council ("ESCC"). Mr. Thilly thanked Messrs. Bill Lawrence and Tim Roxey for their excellent work, and Mr. Walker for his organizational leadership. He noted the MEC has been very supportive of the work being done by E-ISAC staff, and recognized Messrs. John McAvoy and William Fehrman for their support and mentoring of E-ISAC staff.

Mr. Thilly reported that before the open meeting, as is its custom, the Board met in closed session with NERC management, and subsequently in executive session without NERC management, to review NERC management activities.

Consent Agenda

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

Minutes

The draft minutes for the November 9, 2017 and December 4, 2017 meetings were approved as presented to the Board at this meeting.

Committee Membership Appointments and Charter Revisions

Election and Appointment of NERC Officers

RESOLVED, that the Board, upon recommendation of the Corporate Governance and Human Resources Committee ("CGHRC"), hereby elects the following officers of the Corporation for 2018:

- Roy Thilly, Chair
- Kenneth W. DeFontes, Jr., Vice Chair

- Charles A. Berardesco, Interim President and Chief Executive Officer

FURTHER RESOLVED, that the Board, upon recommendation of the President and the CGHRC, hereby appoints the following individuals as officers of the Corporation for 2018:

- Mark G. Lauby, Senior Vice President and Chief Reliability Officer
- Janet Sena, Senior Vice President and Director of Policy and External Affairs
- Michael Walker, Senior Vice President and Chief Enterprise Risk and Strategic Development Officer
- Stanley Hoptroff, Vice President, Chief Technology Officer, and Director of Information Technology
- Scott Jones, Senior Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
- Kenneth McIntyre, Vice President and Director of Standards and Compliance
- Sonia Mendonca, Vice President, Acting General Counsel and Corporate Secretary, and Director of Enforcement
- James Merlo, Vice President and Director of Reliability Risk Management
- Timothy E. Roxey, Vice President and Chief E-ISAC Operations Officer

Critical Infrastructure Protection Committee

RESOLVED, that the Board hereby approves the amended Critical Infrastructure Protection Committee (“CIPC”) charter, substantially in the form presented to the Board at this meeting, to replace the CIPC charter approved by the Board on May 5, 2016.

Compliance and Certification Committee

RESOLVED, that the Board hereby approves the amended Compliance and Certification Committee (“CCC”) charter, substantially in the form presented to the Board at this meeting, to replace the CCC charter approved by the Board on November 5, 2015.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Reliability Issues Steering Committee

RESOLVED, that the Board hereby approves the appointment of the following individuals to the Reliability Issues Steering Committee (“RISC”), each for a term ending on January 31, 2019:

- Lisa Carrington, CIPC Member, Group Manager of IT Strategy & Enterprise Services of Arizona Public Service
- Brian Evans-Mongeon, Planning Committee Member, President and Chief Executive Officer of Utility Services

- Andrew Gallo, Standards Committee Chair, Director of Reliability Compliance of Austin Energy
- Patti Metro, CCC Member, Manager of Transmission & Reliability Standards of National Rural Electric Cooperative Association
- Herb Schrayshuen, MRC Member
- David Zwergel, Operating Committee Vice Chair, Senior Director of Regional Operations of Midcontinent ISO

FURTHER RESOLVED, that the Board hereby approves the appointment of the following individual to the RISC, for a term ending on January 31, 2020:

- Mark Ahlstrom, At-Large Member, Vice President of Renewable Energy Policy of NextEra Energy Resources
- Jeffery Cook, At-Large Member, Vice President of Transmission Planning and Asset Management of Bonneville Power Administration
- Donald Holdsworth, MRC Member, Director of NERC Compliance of Public Service Enterprise Group
- Charles King, At-Large Member, Vice President and Chief Information Officer of Kansas City Power & Light
- Dave Osburn, At-Large Member, Chief Executive Officer of Oklahoma Municipal Power Authority
- Mark Rothleder, At-Large Member, Vice President of Market Quality and Renewable Integration of California ISO
- Katherine Prewitt, MRC Member, Vice President of Transmission of Southern Company
- Chris Shepherd, At-Large Member, Senior Information Security Consultant of Gannet Fleming
- Brian Slocum, At-Large Member, Vice President of Operations and NERC Compliance Officer of ITC Holdings

Personnel Certification Governance Committee

RESOLVED, that the Board hereby approves the reappointment of the following individuals to the Personnel Certification Governance Committee (“PCGC”), each for a term ending on December 31, 2019:

- Michael Anderson, Supervisor I of Transmission Real Time Operations of American Electric Power
- Dave Carlson, T&S Manager Compliance of Commonwealth Edison Company
- Keith Carman, Senior Manager of Transmission System Operations of Tri-State Generation and Transmission Association, Inc.
- Brett Hallborg, System Control Manager of T&D System Operations of BC Hydro
- Michael Hoke, Senior Lead Trainer of PJM Interconnection, LLC

FURTHER RESOLVED, that the Board hereby approves the appointment of the following officers to the PCGC:

- Michael Anderson, Supervisor I of Transmission Real Time Operations of American Electric Power, to serve as Chair
- Margaret Adams, Lead Functional Coordinator of Southwest Power Pool, to serve as Vice Chair

Operating Committee

RESOLVED, that the Board hereby approves the appointment of JT Thompson of Northwest & Intermountain Power Producers Coalition to Sector 7 of the Operating Committee (“OC”), for a term ending on December 31, 2018.

FURTHER RESOLVED, that the Board hereby approves the appointment of Ryan Laruwe of Michigan Public Service Commission to Sector 12 of the OC, for a term ending on December 31, 2019.

Regular Agenda

Remarks by Eric Silagy, President and CEO, Florida Power & Light

Mr. Berardesco introduced Mr. Silagy, who highlighted the corporate structure of FPL as one of the two main subsidiary companies owned by NextEra Energy, along with NextEra Energy Resources. Mr. Silagy noted that FPL services approximately half the state of Florida, and has a diverse fuel mix and heavy reliance on natural gas – a shift from prior years when oil was a predominant fuel source. He described FPL’s focus on clean energy sources and FPL’s investments in large solar farms, battery storage projects, use of smart grid technology, and use of data from smart devices to improve services. Mr. Silagy explained how FPL focuses on protecting against damage from storms through the use of concrete poles, inspections, and other measures, and noted the impact from Hurricane Irma was less than the impact from prior storms indicating the effectiveness of FPL’s improvements. He also summarized activities in Puerto Rico, cyber activities, and cooperation with multiple agencies.

Remarks by Kevin McIntyre, Chairman, FERC

Mr. Berardesco introduced Chairman McIntyre of FERC. Mr. McIntyre commented on the strong bipartisan interest from Congress in reliability, and his affirmation of a personal commitment to reliability made during his confirmation hearings. He discussed the relationship among FERC, NERC, and other members of the reliability community, noting NERC’s role is central and essential, and stated he is seeking to expand and improve upon the FERC-NERC partnership. Mr. McIntyre noted that, in January, FERC staff hosted a FERC-NERC-Regional forum to discuss various technical topics, and that he, Mr. Berardesco, and Mr. Bruce Walker, testified before Congress on issues including grid resilience. He discussed the DOE’s proposal to strengthen the grid in light of planned retirements of certain assets, and the recognition and compensation of resilience attributes by energy markets.

Mr. McIntyre expressed appreciation for NERC and NERC community support of the FERC resilience activities and invited detailed input. He acknowledged the work of the RISC in developing a resilience framework. Mr. McIntyre also discussed the FERC activities related to cyber security, enhanced reporting under CIP Reliability Standards, and the new Reliability Standards regarding the management of the

supply chain. Mr. McIntyre noted the evolving nature of threats and need for acquiring information. He acknowledged the E-ISAC and its role and close coordination with FERC through the FERC Office of Energy Infrastructure Security (“OEIS”), and the collaboration of the OEIS, the FERC Office of Electric Reliability, and the E-ISAC on GridEx. Mr. McIntyre discussed the Standards Efficiency Review, and noted the evolving NERC organizational structure. He exhorted all to continue to work on these matters with a due sense of urgency and purpose. Mr. McIntyre acknowledged the retirement of Mike Bardee from FERC, discussing his work at FERC and his role in reliability.

Remarks by Bruce Walker, Assistant Secretary, DOE

Mr. Walker discussed the DOE’s partnerships with various organizations and how synchronized the industry as a whole is in reliability and resilience work. He highlighted the Power Marketing Administration, which gives DOE insights on reliability issues, and the DOE Office of Electricity Delivery and Energy Reliability, which is focused on critical assets across the energy sector. He stated the DOE is working on a model that considers the interdependent nature of the electric grid to identify those assets that can be enhanced, improved, or installed to improve resilience, reliability, and affordability. The model would perform a “next worst case analysis” and enable sharing of related information to industry for action.

Mr. Walker also discussed a goal of the DOE to identify actionable short-term items to mitigate the impact of cyber and physical attacks, looking for ways to leverage the work utilities perform to protect facilities. He also summarized a DOE goal for making storage feasible, and a goal to increase use of low cost super high-fidelity sensitive devices. Finally, Mr. Walker discussed the DOE’s goal for developing hardening strategies and ensuring Puerto Rico and the Virgin Islands are able to add resilience in a viable way. He applauded the Edison Electric Institute, National Rural Electric Cooperative Association, and American Public Power Association for their help in those regions.

Interim President’s Report

Mr. Berardesco welcomed all attendees and thanked everyone for support of the NERC team during the period of transition. He thanked the Board and Mr. Thilly for counsel and advice, and NERC colleagues and the officer team. Mr. Berardesco noted substantial progress on goals even during the transition period, which required collaboration with the Regions and stakeholders. Examples of progress during this period include: the Long-Term Reliability Assessment; GridEx; the new member portal for E-ISAC; a new Memorandum of Understanding (“MOU”) with British Columbia and Western Electricity Coordinating Council (“WECC”); release of the Annual Report; continued engagement with Mexico; work on realignment of Southwest Power Pool, Inc. (“SPP”) Regional Entity (“SPP RE”); the resilience framework and path forward developed by RISC; the Compliance Monitoring and Enforcement Program (“CMEP”) Technology Project; work on CIP compliance; enhancement of the oversight of Multi-Region Registered Entities (“MRREs”); and work on enhancement of supply chain management, even before the Reliability Standard became effective.

Mr. Berardesco highlighted three key themes – importance, independence, and interdependence. He stated what the ERO Enterprise does, including Reliability Standards, assessments, and the work of the E-ISAC, is important. Mr. Berardesco discussed that independence is critical for the credibility of what the ERO Enterprise does, and is in the very DNA of the organization. Regarding interdependence, he noted

that the ERO Enterprise and all stakeholders either succeed or fall together. Mr. Berardesco highlighted collaboration with Regions and the work by Lane Lanford within the ERO Executive Management Group (“ERO EMG”). Mr. Lanford thanked the Board and noted continued improvement in the ERO model.

Jim Robb, as the new ERO EMG Vice Chair, expressed appreciation to Mr. Lanford regarding improvements in collegiality, and recognized Mr. Berardesco and his leadership during the transition, noting the need to demonstrate unity during transition. Mr. Robb highlighted work on the strategic plan, the foundation to take the ERO Enterprise to the next level. He agreed with Mr. Thilly that NERC can emerge stronger from the transition with respect to how its mission is executed. Mr. Robb discussed follow-up work on issues highlighted by western events and working with western CEOs, including situational awareness and visualization of neighboring systems – using the mid-Atlantic areas as a benchmark. He discussed upcoming changes regarding Reliability Coordinators (“RCs”) in the West, and highlighted collaboration between WECC and NERC on these issues.

Report on Board of Trustees January 24 and February 6, 2018 Closed Session

Mr. Gorbet reported that before the open meeting, as is its custom, the Board met in closed session with NERC management, and subsequently in executive session without NERC management, to review NERC management activities and to approve Mr. Berardesco’s compensation. In these sessions, the Board also discussed legal and contractual issues.

Board of Trustees Self-Assessment Results

Mr. Thilly reported the Board Self-Assessment results were detailed at the CGHRC meeting and discussed at the MRC.

Board Committee Reports

Corporate Governance and Human Resources Committee

Mr. Clarke, Committee Chair, summarized the January 24 and February 7, 2018 meetings. He presented the Committee’s recommendation on a contribution to the Employee Savings and Investment Plan. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves a contribution into NERC’s Savings and Investment plan (the “Plan”) for the year ending on December 31, 2017, for the accounts of each eligible employee participating in the Plan, equal to 8% of such employee participant’s 2017 base salary, as presented to the Board at this meeting.

Mr. Clarke presented the Committee’s recommendation on increasing the compensation to the Board Vice Chair. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves the increase in the compensation to the Board Vice Chair to \$10,000.

Mr. Clarke presented the Committee’s recommendation on amending the NERC Bylaws. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves the amended NERC Bylaws, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board recommends the amended NERC Bylaws, as presented to the Board at this meeting, to the MRC for approval.

Mr. Clarke presented the Committee's recommendation on revisions to the 2018 ERO Enterprise Metrics. Specifically, NERC will continue to measure performance associated with cold weather in light of the 2017 results. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves the amended 2018 ERO Enterprise Metrics, as presented to the Board at this meeting.

Compliance Committee

Ms. Case, Committee Chair, reported the Committee met in annual closed session and discussed the state of compliance activities. She stated the Committee will present on trends in major CIP violations in open session in May.

Finance and Audit Committee

Ms. Schori, Committee Chair, reported the Committee met in closed session in November and adopted principles for oversight of financially-focused internal control audits. The Committee also approved the audit plan for Internal Audit to perform 80 percent of work focused on "strategy and policy audits", and 20 percent on financially-focused audits. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee ("FAC"), hereby accepts the 2017 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Results, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board, upon recommendation of the FAC, hereby approves the revised Investment Policy, as presented to the Board at this meeting.

Enterprise-wide Risk Committee

Mr. Goulding, Committee Chair, reported on the recent closed session of the Committee including reviewing the mandate which had already been reviewed to clarify allocation of responsibilities with the FAC, and that no further changes were made. He discussed the status of the 2017 Work Plan, review and approval of the 2018 Audit Plan, and preliminary review of 2019-20 audit plans. Mr. Goulding noted the Committee endorsed the 2018 Work Plan of the CCC. He also stated the Committee was reconstituted, and noted new members.

Technology and Security Committee

Mr. Hawkins, Committee Chair, reported on the Committee's first meeting the prior day, and noted the Committee's members. He commented on the CMEP tool procurement selection, and the increase in participation in GridEx.

Nominating Committee

Mr. Gorbet, Committee Chair, noted that Messrs. Clarke, DeFontes, and Goulding are eligible for reelection in 2019 and the Committee would not normally have a search in 2018. He reported the CGHRC recommended on January 24, 2018, and the Board agreed, that 2018 would be an appropriate time to search for a Canadian trustee. Mr. Gorbet requested the MRC identify up to six members of the MRC to serve on the Committee, and to notify the Board to appoint them expeditiously. He noted the Committee will meet before the end of March.

Mr. Thilly stated that future Board Committee Reports will include a report from Mr. DeFontes on standards issues.

Other Matters and Reports

Memorandum of Understanding between British Columbia Utilities Commission, NERC, and WECC

Steve Goodwill of WECC presented the MOU between British Columbia Utilities Commission, NERC, and WECC, and thanked NERC staff for their work on the MOU. He summarized the history of NERC's and WECC's relationship with British Columbia, and stated this MOU is consistent with the Board's direction with respect to relationships with Canadian provinces as this MOU allows sharing of information and recognizes NERC's oversight role. Mr. Goodwill stated the MOU will be submitted to the WECC board at its March meeting. He noted ongoing negotiations with Mexican regulatory authorities that will allow similar sharing of information.

Mr. Gorbet provided historical context regarding the relationship with Canadian provinces at the start of the ERO and the first generation of MOUs. He commented that NERC is focusing on updating and standardizing the MOUs regarding NERC's ability to exercise oversight responsibilities and line of sight. Mr. Gorbet noted the New Brunswick MOU was the first of these updated MOUs, and that the Board met in August with Canadian regulators and explained the differences in MOUs, bringing to light this issue. Updating the British Columbia MOU was an initiative stemming from that meeting, and the MOU is the second of the second generation MOUs. He stated NERC will continue to pursue the transparency and line of sight important to do its job. Mr. Thilly expressed his appreciation to WECC for their work. Upon motion duly made and seconded, the following resolutions were approved:

RESOLVED, that the Board hereby approves the MOU between the British Columbia Utilities Commission, NERC, and WECC on substantially the terms and conditions presented to the Board, together with such changes as are approved by NERC's Chief Executive Officer.

FURTHER RESOLVED, that each of NERC's Chief Executive Officer and General Counsel, are hereby authorized to execute and deliver, on behalf of NERC, the MOU.

Approvals in Connection with the Termination of the Regional Delegation Agreement with SPP, Inc.

Ms. Mendonça and Mr. McIntyre presented the items for approval related to the transfer of registered entities from SPP to either MRO or SERC, including the termination of the Regional Delegation Agreement (“RDA”) between SPP and NERC, and the revisions to the RDAs for Midwest Reliability Organization (“MRO”) and SERC Reliability Corporation (“SERC”). Ms. Mendonça noted that the revisions to the RDAs are limited to expanding MRO’s and SERC’s boundaries to reflect the addition of entities transferring from SPP RE per the lists included in the advance meeting materials. She stated NERC will file with FERC as promptly as possible upon approval of the respective revised RDA by MRO’s board of directors.

Mr. McIntyre summarized the extensive process of communication NERC conducted with the SPP RE registered entities, and the rationale for the proposed assignments. He discussed NERC’s role as the Compliance Enforcement Authority (“CEA”) for SPP for two years, and NERC’s work with MRO and SERC for a successful transition of all registered entities involved. Mr. Thilly noted the Board reviewed all comments submitted in advance of the meeting. He asked for clarification regarding registration of SPP during the period in which NERC serves as CEA. Ms. Mendonça explained SPP was already registered in MRO, SERC, SPP RE, and WECC, and will remain registered in MRO and WECC during the time NERC serves as CEA.

Ms. Schori inquired about comments raised regarding varying levels of expertise by Regions with regional transmission organizations (“RTOs”). Ms. Mendonça and Mr. McIntyre noted that NERC CMEP activities are based on the functional model, and all Regions have experience in conducting CMEP activities to RCs, Balancing Authorities (“BAs”), and Transmission Operators (“TOPs”), which are the reliability functions an RTO generally performs. Ms. Mendonça and Mr. McIntyre noted that NERC will rely on the expertise of all Regions in its role as CEA.

Mr. McIntyre reported that NERC reviewed MRO and SERC transition and resource plans and believes they are able to assume the additional responsibilities from the SPP RE registered entities. Mr. Berardesco noted that NERC will perform enhanced oversight of MRO and SERC in light of the additional responsibilities they are undertaking. Mr. Thilly noted that the ERO Enterprise structure is geographical in nature, and the MRRE Coordinated Oversight Program – which was indicated by commenters as an issue – is very important to the Board and an area of focus. He stated that certain commenters indicated a preference for SPP RE registered entities to transfer to ReliabilityFirst, and that even the Board’s decision is not consistent with that preference such comments are a tribute to ReliabilityFirst’s expertise and work. Mr. Hawkins expressed his appreciation for all comments and noted that comments in opposition to staff’s recommendation were useful in the Board’s decision-making process.

Upon motion duly made and seconded, the Board approved the following resolutions:

Termination Agreement between SPP and NERC

RESOLVED, that the Board hereby approves the Termination Agreement between SPP and NERC, on substantially the terms and conditions presented to the Board, together with such changes as are approved by NERC’s Chief Executive Officer.

FURTHER RESOLVED, that each of NERC’s Chief Executive Officer and General Counsel, are hereby authorized to execute and deliver, on behalf of NERC, the Termination Agreement.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Amendments to Regional Delegation Agreements

WHEREAS, on July 27, 2017, NERC issued a letter to inform entities registered in the footprint of the SPP RE that NERC and SPP had mutually agreed to terminate the *Amended and Restated Delegation Agreement between North American Electric Reliability Corporation and Southwest Power Pool, Inc.* and to inform each registered entity that it may submit a written request to NERC stating its preference for transfer to another Regional Entity.

WHEREAS, on August 25, 2017, and October 27, 2017, NERC staff conducted webinars to provide information regarding the transition process to SPP RE registered entities. From September 21, 2017, to October 6, 2017, NERC staff distributed, by email, to SPP RE registered entities, a summary of additional questions asked by registered entities about the process during the preceding week, with responses. NERC staff also communicated directly with SPP RE registered entities that contacted NERC with individual questions.

WHEREAS, by October 31, 2017, NERC received 122 transfer requests, which NERC reviewed and considered, focusing, initially, on two particular factors outlined in section 1208 of the NERC Rules of Procedure:

- the location of the Registered Entity’s Bulk Power System facilities in relation to the geographic and electrical boundaries of the transferee Regional Entity;
- the impact of the proposed transfer on other Bulk Power System owners, operators, and users, including affected RCs, BAs, and TOPs, as appropriate.

WHEREAS, on December 1, 2017, NERC staff posted, for stakeholder comment, its draft recommendation for the reallocation of all registered entities in the SPP RE footprint to either the MRO or the SERC. Prior to such posting, NERC staff contacted each registered entity for which the recommended allocation did not match the entity’s stated preference to discuss its rationale.

WHEREAS, on December 15, 2017, NERC staff posted additional information regarding the analysis conducted by NERC staff that resulted in the referenced recommended reallocation.

WHEREAS, from December 15, 2017, to December 20, 2017, NERC staff obtained information from MRO and from December 15, 2017, to January 3, 2018, NERC staff obtained information from SERC with respect to various aspects of their transition plans, and with that information, considered the following factors:

- the impact of the proposed transfer on the current and future staffing, resources, budgets and assessments to other Load-Serving Entities of the transferee Regional Entity;

- the sufficiency of the proposed transferee Regional Entity's staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity;
- the Registered Entity's compliance history with SPP RE; and the manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity would be transitioned from SPP RE to the transferee Regional Entity.

WHEREAS, by January 6, 2018, NERC received 15 sets of comments, of SPP RE registered entities and other stakeholders, regarding NERC staff's recommended reallocation.

WHEREAS, NERC staff reviewed each comment and, where necessary, contacted those commenters expressing concerns with the recommended reallocation.

WHEREAS, the Board was provided with copies of all individual comments received by NERC.

WHEREAS, on January 24, 2018, NERC staff posted a summary of the referenced comments, by themes raised, and responses. The advanced agenda package materials for the Board, posted on January 25, 2018 included the December 1, 2017 Notice of Proposed Transfer Regional Entities; December 15, 2017 posting of Additional Information Regarding NERC's Proposed Transferee Regional Entities; January 24, 2018 posting of Consideration of Comments; and clean and redlined versions of the proposed amendments to the MRO and SERC RDAs.

WHEREAS, NERC staff has recommended the reallocation of the following entities from SPP RE to MRO, after an extensive analysis of the geographic, electric, and functional relationships of all of the entities currently registered in SPP RE as well as other criteria discussed in the materials included in the advance agenda package.

- AE Power Services LLC (AEPS)
- AEP as Agent for AEP OK Transco., PSCO, and SWEPCO (AEPW)
- AES Shady Point, LLC (AESSP)
- Arbuckle Mountain Wind Farm LLC (AMWF)
- Arkansas Electric Cooperative Corporation (AECC)
- Avangrid Renewables (AVNR)
- Balko Wind, LLC (BALKO)
- Blue Canyon II Windpower LLC (BCWII)
- Blue Canyon Windpower LLC (BCWI)
- Blue Canyon Windpower V, LLC (BCWV)
- Blue Canyon Windpower VI, LLC (BC6)
- Board Of Public Utilities (Kansas City KS) (BPU)
- Board Of Public Utilities, City Of McPherson, Kansas (MCPHER)
- Borger Energy Associates, LP (BOEA)
- Boston Energy Trading and Marketing LLC (EMMT)
- Buckeye Wind Energy, LLC (BEWE)
- Buffalo Dunes Wind Project, LLC (BDWP)

- Canadian Hills Wind, LLC (CHW)
- Caney River Wind Project, LLC (CRWP)
- Caprock Wind LLC (CAPROCK)
- Carthage Water & Electric Plant (CAWEP)
- Central Valley Electric Cooperative, Inc. (CVEC)
- Chisholm View Wind Project, LLC (CHISHOLM)
- Cimarron Bend Wind Project, LLC (CBW)
- Cimarron Windpower II, LLC (CIMW)
- City Of Ottawa (OTTAWA)
- City Utilities Of Springfield, MO (SPRM)
- Cloud County Wind Farm, LLC, (CCWF)
- Coffeyville Municipal Light & Power (CMLP)
- CP Bloom Wind, LLC
- CPV Keenan II Renewable Energy Company, LLC (KREC)
- Dempsey Ridge Wind Farm, LLC (DRWF)
- Dogwood Power Management, LLC (DPM)
- Drift Sand Wind Project LLC (DRIFTSAND)
- Duke Energy Renewables Services, LLC (DEGS)
- East Texas Electric Cooperative Inc. (ETEC)
- Eastman Cogeneration Limited Partnership (EASTMAN)
- EDP Renewables North America LLC (EDPR NA)
- Exelon Wind 4, LLC (EXWD4)
- Farmers' Electric Cooperative, Inc. Of New Mexico (FARMCOOPNM)
- Flat Ridge 2 Wind Energy LLC (FRWEII)
- Flat Ridge Wind Energy, LLC (FRWE)
- Frontier Windpower, LLC (FRONTIER)
- Golden Spread Electric Cooperative, Inc. (GSEC)
- Golden Spread Panhandle Wind Ranch, LLC (GSPWR)
- Goodwell Wind Project, LLC (GOODWELL)
- Grand River Dam Authority (GRDA)
- Great Western Wind Energy, LLC (GWWE)
- Green Country Energy, LLC (GREENCOGO)
- Green Country Operating Services, LLC (GREENCOGOP)
- Independence Power & Light (Independence, Missouri) (INDN)
- Invenergy Services LLC (INVENERGY)
- Ironwood Windpower, LLC (IRONWOOD)
- ITC Great Plains, LLC (ITCGP)
- Kansas City Power & Light Company (KCPL)
- Kansas Electric Power Cooperative, Inc. (KEPC)
- Kingfisher Wind, LLC c/o Apex Wind Asset Management (KING)
- Kiowa Power Partners, LLC (KIOWAPP)
- KODE Novus I, LLC (KODE)
- Lea County Electric Cooperative, Inc. (LCEC)

- Lea Power Partners, LLC (LEAPP)
- Llano Estacado Wind, LP (LLANOEWIND)
- Lubbock Power And Light (LPLTX)
- Midwest Energy, Inc. (MIDW)
- MISO-MBHydro Contingency Reserve Sharing Group (MRSG)
- NAES Corporation - Dogwood (NAESDOGW)
- NAES Corporation - Goodman Energy Center (NAESGEC)
- NAES Corporation - Oklahoma Cogeneration, LLC (NAESOKC)
- NextEra Energy Resources, LLC (NEER)
- Noble Great Plains Windpark, LLC (NOBLEGP)
- Northeast Texas Electric Cooperative - HCPP (NTEC-HCPP)
- Northeast Texas Electric Cooperative, Inc (NTEC)
- NRG Energy Services - Golden Spread (NRGGS)
- NRG Energy Services-Panhandle Wind Ranch (GOP) (NRGPWR)
- Oklahoma Gas And Electric Co. (OKGE)
- Oklahoma Municipal Power Authority (OMPA)
- Oneta Power, LLC (ONETA)
- Origin Wind Energy, LLC (ORGNWE)
- Paragould Light & Water Commission (PARAGOULD)
- Patterson Operators LP
- Rayburn Country Electric Cooperative, Inc. (RCEC)
- Red Dirt Wind Project, LLC
- Red Hills Wind Project, LLC. (RHWP)
- Redbed Plains Wind Farm LLC (REDBED)
- Rock Creek Wind Project, LLC (RCWP)
- Rock Falls Wind Farm, LLC
- Rocky Ridge Wind Project, LLC (ROCKY)
- Roosevelt Wind Project, LLC (RWP)
- Sikeston Board Of Municipal Utilities (SIKESTONMO)
- Slate Creek Wind, LLC (SLATE)
- Smoky Hills Wind Farm, LLC (SMOKY)
- Smoky Hills Wind Project II, LLC (SMOKY2)
- Southern Power Company (SPC)
- Southwest Power Pool (SPP)
- Southwestern Power Administration (SPA)
- Southwestern Public Service Co. (Xcel Energy) (SPS)
- Spearville 3, LLC (SPEAR3)
- Spinning Spur Wind, LLC (SPINSPUR)
- Sunflower Electric Power Corporation (SECI)
- Tenaska Gateway Partners Ltd (TENASGATEW)
- The Empire District Electric Company (EDE)
- Thunder Ranch Wind Project, LLC
- Transource Energy, LLC (TRANS)

- Tri-County Electric Cooperative, Inc of Oklahoma (TRICEC)
- USACE - Kansas City District (COEKS)
- USACE - Little Rock District (COELR)
- USACE - Tulsa District (COETULSA)
- Waverly Wind Farm LLC (Waverly)
- Westar Energy, Inc. (WR)
- Western Farmers Electric Cooperative (WFEC)

WHEREAS, NERC staff has recommended the reallocation of the entities below from SPP RE to SERC, after an extensive analysis of the geographic, electric, and functional relationships of all of the entities currently registered in SPP RE as well as other criteria discussed in the materials included in the advance agenda package.

- Arkansas Electric Cooperative Corporation (AECC)
- City Of Abbeville (ABBEVLA)
- City Of Alexandria (ALEXLA)
- City Of Clarksdale, Mississippi (CCM)
- City Water & Light - Jonesboro, Arkansas (CWL)
- Cleco Corporate Holdings LLC (CLECO)
- Lafayette Utilities System (LAFA)
- Louisiana Energy & Power Authority (LEPA)
- Midcontinent Independent System Operator, Inc. (MISO)
- Mississippi Delta Energy Agency (MISSDEA)
- Poplar Bluff (POPBLUFFMO)
- Public Service Commission Of Yazoo City (YAZO)
- Sikeston Board Of Municipal Utilities (SIKESTONMO)
- Terrebonne Parish Consolidated Government (TERREBONNE)

WHEREAS, the Board has considered the record and analysis as developed by the NERC staff and reflected in the advance agenda package.

WHEREAS, the Board has reviewed the individual comments submitted by the registered entities, as well as the analysis of such comments performed by NERC staff.

RESOLVED, that the Board hereby approves the amendments to the RDA between NERC and MRO to reflect the expansion of the regional boundaries to include the above registered entities, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the amendments to the RDA between NERC and SERC to reflect the expansion of the regional boundaries to include the above registered entities, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Rules of Procedure Amendment – Consolidated Hearing Process

Ms. Mendonça presented the revisions to the Rules of Procedure, noting they reflect minor changes requested by FERC staff. She noted that if approved, NERC will amend the Rules of Procedure pending filing with FERC to address two changes requested by FERC staff. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the proposed amendments to Section 400 and Appendices 2 and 4C to the NERC Rules of Procedure, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

RISC's ERO Reliability Risk Priorities Report

Mr. Thilly referenced the presentation of the ERO Reliability Risk Priorities Report of the RISC the prior day. Mr. Gorbet requested the Board to provide feedback on resilience framework work, and commended the RISC for its work. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, hereby accepts the 2017 ERO Reliability Risk Priorities Report of the RISC, as presented to the Board at this meeting, commended the RISC for the work, and requests that it continues to develop the resilience framework.

Standards

Mr. Gugel provided an update regarding the Standards Efficiency Review project and activities related to supply chain management. Mr. Gugel also presented on the following Reliability Standards-related projects. After discussion, and upon motions duly made and seconded, the Board approved the following resolutions:

PRC-025-2 – Generator Relay Loadability

RESOLVED, that the Board hereby adopts the proposed Reliability Standard PRC-025-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standards PRC-025-1, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

FAC-501-WECC-2 – Transmission Maintenance

RESOLVED, that the Board hereby adopts the proposed regional Reliability Standard FAC-501-WECC-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of regional Reliability Standard FAC-501-WECC-1, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

BAL-004-WECC-3 – Automatic Time Error Correction

RESOLVED, that the Board hereby adopts the proposed regional Reliability Standard BAL-004-WECC-3, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of regional Reliability Standard BAL-004-WECC-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

PRC-004-WECC-2 – Protection System and Remedial Action Scheme Misoperation

RESOLVED, that the Board hereby approves the proposed retirement of regional Reliability Standard PRC-004-WECC-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

VAR-002-WECC-2 – Automatic Voltage Regulators

RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard VAR-002-WECC-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

SERC Regional Reliability Standards Development Procedure

RESOLVED, that the Board hereby approves the proposed SERC Standards Development Process revisions, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Committee Reports

Representatives of the Standing Committees provided reports to the Board highlighting items from their written reports, which had been included with the advance meeting materials. Mr. Thilly asked, in light of the timing of this meeting, that the representatives focus only on key or new items from their written report.

Operating Committee

Lloyd Linke, Committee Chair, referenced the written report and highlighted changes in leadership of subcommittee. He noted approval of implementation guidance and reliability guidelines and other activities.

Planning Committee

Brian Evans-Mongeon, Committee Chair, noted the Essential Reliability Services Working Group will present final documents to the Committee at the March meeting. He expressed his appreciation to the working group members and noted that follow on activities would continue within the full Committee. Mr. Evans-Mongeon reported on a new educational video on distributed energy resources. He noted

future activities for the Committee include a lessons learned discussion on winter impact on various systems.

Critical Infrastructure Protection Committee

Marc Child, Committee Chair, referenced the written report, and requested approval of the 2018 Work Plan. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, hereby approves the revised Critical Infrastructure Protection Committee Strategic Plan, as presented to the Board at this meeting.

Member Representatives Committee

Jason Marshall, MRC Chair, summarized issues that had been discussed at the MRC meeting on the previous day. He reported on the Committee's election of trustees, discussion of effectiveness and efficiency of stakeholder engagement, new standing agenda item highlighting one of the technical committees, and discussion of RISC priority report.

Personnel Certification Governance Committee

Brett Hallborg, Committee Chair summarized two major initiatives completed in 2017, and highlighted activities for 2018 including a multi-year strategic plan.

Standards Committee

Amy Casuscelli, Committee Vice Chair, highlighted the Committee's schedule of future meetings and expressed appreciation for the presence of Board members at Committee meetings. She also discussed the monitoring the Standards Efficiency Review process.

Reliability Issues Steering Committee

Peter Brandien, Committee Chair, thanked the Board for approving the RISC report and for the feedback provided on the resilience framework. He stated he looked forward to the continuing work of the Committee, and appreciated the support of Mr. Walker and Ms. Chanzas and Iwanechko.

Compliance and Certification Committee

Patti Metro, Committee Chair, referenced the written report and presented items for approval. She expressed a goal of enhancing the efficiency and effectiveness of the Committee meetings, and noted at least two Committee meetings are held in either Atlanta, Georgia, or Washington, D.C., to minimize staff travel. Ms. Metro noted that the Committee has one meeting hosted by a Region, and one meeting hosted by a member, to reduce cost. She discussed succession planning for Committee leadership. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, hereby approves the 2018 CCC Work Plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board, hereby approves the CCC Monitoring Program, as presented to the Board at this meeting.

Electricity Subsector Coordinating Council

Mr. Thilly noted Mr. Hawkins will be the Board observer for ESCC. Mr. Berardesco reported the MEC is working with the E-ISAC and moving along on the strategic plan. He reported the ESCC also met with the MEC on the same matter and established regular reporting.

Forum and Group Reports

North American Energy Standards Board (NAESB)

Michael Desselle, NAESB Chair, referenced the written report, and highlighted collaboration with NERC in recent activities.

North American Transmission Forum

Tom Galloway, Forum CEO, referenced the written report and reported recent resilience related activities, supply chain activities, and collaboration with NERC staff and other industry partners. He noted increases in transparency and report sharing. Mr. Thilly thanked the Forum for work on supply chain.

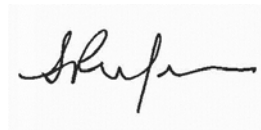
North American Generator Forum

Allen Shriver, Forum COO, thanked NERC for attending the emerging technology roundtable. He highlighted work with Bob Cummings and Ryan Quint, and noted upcoming webinars.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sonia C. Mendonça
Acting Corporate Secretary

Agenda

Board of Trustees

February 8, 2018 | 8:30 a.m.–12:00 p.m. Eastern

(Please note the Schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)

Hilton Fort Lauderdale Marina
1881 SE 17th Street
Fort Lauderdale, FL 33316

Conference Room: Grand Ballroom (1st Floor)

Call to Order

NERC Antitrust Compliance Guidelines

Introductions and Chair's Remarks

Consent Agenda – Approve

1. Minutes*

- a. December 4, 2017 Conference Call
- b. November 9, 2017 Meeting

2. Committee Membership and Charter Amendments*

- a. Election and Appointment of NERC Officers
- b. Critical Infrastructure Protection Committee Charter Amendments
- c. Compliance and Certification Committee Charter Amendments
- d. Reliability Issues Steering Committee Membership
- e. Personnel Certification Governance Committee Membership
- f. Operating Committee Membership

Regular Agenda

3. Remarks and Reports

- a. Welcome Remarks Speaker Eric Silagy, President and CEO, Florida Power & Light
- b. Remarks by Kevin McIntyre, Chair, FERC
- c. Remarks by Bruce Walker, Assistant Secretary, DOE
- d. Remarks by Murray Doehler, Past Chair, CAMPUT
- e. Interim President's Report
- f. Report on Board of Trustees January 24 and February 6, 2018 Closed Sessions

- g. Board of Trustees Self-Assessment Results

4. Board Committee Reports

- a. Corporate Governance and Human Resources
 - i. 2017 Contribution to Savings and Investment Plan – **Approve**
 - ii. Board of Trustees Vice Chair Compensation – **Approve**
 - iii. [NERC Bylaws Amendments](#) – **Approve and Recommend to Member Representatives Committee for Approval**
 - iv. Proposed 2018 ERO Enterprise Metrics Revisions* – **Approve**
- b. Compliance
- c. Finance and Audit
 - i. 2017 Year-End Unaudited Statement of Activities – **Accept**
 - ii. Investment Policy Revisions – **Approve**
- d. Enterprise-wide Risk
- e. Technology and Security
- f. Nominating

5. Other Matters and Reports*

- a. Memorandum of Understanding between British Columbia Utilities Commission, NERC, and WECC – **Approve**
- b. Approvals in Connection with the Termination of the Regional Delegation Agreement with SPP, Inc.
 - i. Termination Agreement for the Regional Delegation Agreement with SPP and NERC – **Approve**
 - ii. Revised Regional Delegation Agreement between NERC and MRO – **Approve**
 - iii. Revised Regional Delegation Agreement between NERC and SERC – **Approve**
- c. Rules of Procedure Amendments - Consolidated Hearing Process – **Approve**
- d. RISC's ERO Reliability Risk Priorities Report – **Accept**

6. Standards Quarterly Report and Actions*

- a. PRC-025-2 – Generator Relay Loadability – **Approve**
- b. FAC-501-WECC-2 – Transmission Maintenance – **Approve**
- c. BAL-004-WECC-3 – Automatic Time Error Correction – **Approve**
- d. PRC-004-WECC-2 – Protection System and Remedial Action Scheme Misoperation – **Retire**
- e. VAR-002-WECC-2 – Automatic Voltage Regulators – **Retire**
- f. SERC Regional Reliability Standards Development Procedure – **Approve**

7. Committee Reports*

- a. Operating Committee

- b. Planning Committee
 - c. Critical Infrastructure Protection Committee
 - i. CIPC 2018 Work Plan – **Approve**
 - d. Member Representatives Committee
 - e. Personnel Certification Governance Committee
 - f. Standards Committee
 - g. Reliability Issues Steering Committee
 - h. Compliance and Certification Committee
 - i. CCC 2018 Work Plan – **Approve**
 - ii. CCC Monitoring Program – CCCPP-012 – **Approve**
 - i. Electricity Subsector Coordinating Council
- 8. Forum and Group Reports***
- a. North American Energy Standards Board
 - b. North American Transmission Forum
 - c. North American Generator Forum

9. Adjournment

*Background materials included.