

# Minutes

## Member Representatives Committee

May 8, 2019 | 1:00 p.m. - 4:00 p.m. Central

The Ritz-Carlton, St. Louis  
100 Carondelet Plaza  
St. Louis, MO 63105

Chair Greg Ford, with Vice Chair Jennifer Sterling present, called to order a duly noticed meeting of the Member Representatives Committee (MRC) of the North American Electric Reliability Corporation (NERC) on May 8, 2019, at 12:30 p.m., Central, and a quorum was declared present. The agenda and MRC members and their proxies in attendance are attached as **Exhibits A** and **B**, respectively.

### Introduction and Chair's Remarks

Mr. Ford welcomed MRC members, including two new members, acknowledging the NERC Board of Trustees (Board), Andy Dodge and others from the Federal Energy Regulatory Commission (FERC), Bruce Walker from the Department of Energy, State Commissioner Matt Schuerger, CAMPUT representative David Morton, and Brad Little from Natural Resources Canada. He noted the retirement of MRC member Donald Holdsworth. Mr. Ford reminded attendees that presentations conducted at the Board committee meetings would not be repeated during the MRC meeting. He acknowledged the MRC's responses to the policy input request from Roy Thilly, Chair of the Board.

### NERC Antitrust Compliance Guidelines and Public Announcement

Ms. Iwanek directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda package, and indicated that all questions regarding antitrust compliance or related matters should be directed to Charlie Berardesco.

### Minutes

Upon motion duly made and seconded, the MRC approved the minutes of the February 6, 2019, and April 9, 2019, meetings as presented at the meeting.

### Future Meetings

The schedule of future meeting dates, including the pre-meeting and informational webinars for 2019, was included in the agenda package. Mr. Ford noted that the July MRC pre-meeting and informational webinar was rescheduled to Friday, July 19.

### NERC Participant Conduct Policy Update

Mr. Berardesco noted that the NERC Participant Conduct Policy, which applies only to committees created through the Board, was amended to clarify that individuals participating in NERC activities are not authorized to speak on behalf of NERC or to indicate their views represent the views of NERC, and should provide such a disclaimer if identifying themselves as a participant in a NERC activity to the press, at

speaking engagements, or through other public communications. Mr. Thilly urged volunteer participants in NERC activities to not reference their NERC affiliation when engaged in non-NERC settings, and thus eliminating the entire issue.

### **Board of Trustees Nominating Committee Update**

George Hawkins, chair of the Board of Trustees Nominating Committee (BOTNC), noted that there are 12 Board members in 2019 due to the early addition of a Canadian Trustee. Two Board members are reaching their term limits and the BOTNC is searching to only fill one of those seats to transition back to 11 members. Mr. Hawkins explained that the BOTNC will select a search firm following the MRC meeting, work closely with the firm to seek and interview candidates, and make a recommendation to the MRC in December for election at the MRC's February 2020 meeting.

### **Business Plan and Budget Input Group Update**

Sylvain Clermont, chair of the MRC Business Plan and Budget input group, provided an update on the group's activities. He also provided an overview of the group's makeup which includes MRC members, a Regional Entity representative, and a Reliability Issues Steering Committee representative. Mr. Clermont invited other MRC members to join if interested. The group receives updates throughout the business plan and budget development process and provides input as appropriate on the E-ISAC long-term strategy, budget alignment with business plans and priorities, and future pressures and strategies. In addition, the group receives updates on effectiveness and efficiency efforts for awareness of any potential impacts on the business plans and budgets. Mr. Clermont expressed appreciation for the collaboration and open discussions the group has with NERC staff throughout the process.

### **Regulatory Update**

Mr. Berardesco invited questions or comments regarding the regulatory report, which highlights Canadian affairs, as well as past and future significant FERC filings. He highlighted the Five-Year Performance Assessment being presented to the Board the following day to be filed with FERC at the end of July.

### **MRC Self-Assessment and Effectiveness Survey Results and Next Steps**

Mr. Ford explained that MRC members completed a self-assessment in January 2019 and both MRC and Board members completed an effectiveness survey of the MRC in February 2019. The self-assessment and effectiveness survey were conducted to evaluate the overall effectiveness of the MRC and whether its responsibilities are being satisfactorily met. Mr. Ford reviewed the responses and identified several areas for potential follow-up action. Mr. Ford will provide an update on the status and any recommendations at the August 14, 2019, MRC meeting. Mr. Ford and Ms. Sterling will also consider how often these self-assessments and effectiveness surveys should be conducted going forward.

### **Responses to the Board's Request for Policy Input**

Mr. Ford acknowledged the MRC's responses to Mr. Thilly's April 2, 2019, letter requesting policy input on the supply chain report and recommendations, in addition to the preliminary agenda topics for the May meetings. Responses to the letter are [posted](#) with the Board agenda materials on the NERC website.

### **Supply Chain Report Recommendations**

Howard Gugel, vice president and director of engineering and standards at NERC, provided an overview of the supply chain report, developed in response to an August 2017 Board resolution and revised based on input received during the February 2019 meetings. He highlighted the risks, mitigation factors, and staff recommendations on electronic access control or monitoring systems, physical access control systems, low impact BES cyber systems, and Protected Cyber Assets. Mr. Gugel also provided a summary of the policy input received, which broadly supported the report, with some concerns and suggestions identified.

- MRC members expressed appreciation for the development process, outreach, and responsiveness to feedback.
- A Board member asked how data management will be used to determine where assets are coming from. Mr. Gugel indicated NERC will work with the Critical Infrastructure Protection Committee's (CIPC's) supply chain working group on that item.
- An MRC member cautioned that sending a data request outside of the Section 1600 process, particularly if sent by the compliance programs, may give the wrong impression. Mr. Gugel acknowledged the concern and noted that data would not be gathered through compliance activities.
- An MRC member suggested requesting feedback from broader industry on the data request and the development of any guidelines, and not just the CIPC working group.
- An MRC member expressed concern that the supply chain report will be approved by the Board the following day before seeing a final version in response to policy input. Mr. Thilly stated that the Board would not accept the report without considering the comments and concerns raised, but there is also a sense of urgency on moving forward with the key recommendations. He noted that the Board may consider accepting the report subject to seeing any additional clarifications before distributing it publicly.
- An MRC member requested clarification on the recommendation to include electronic and physical access controls in the Supply Chain Standards, but not logging and monitoring. Mr. Gugel indicated the decision was made from a risk perspective, as access controls are real-time and a more immediate concern, while logging and monitoring are for forensics.
- An MRC member asked about the timeline for the data request. Mr. Gugel explained that work on the data request would begin immediately with the CIPC working group and should be completed no later than the November meeting.
- An MRC member asked about the timeline for third party certifications. Mr. Gugel stated that a group is meeting the following day to discuss this topic. While NERC will not be the accreditor, it will facilitate the process to understand the credentials that would be evaluated.

### **Additional Policy Discussion of Key Items from Board Committee Meetings**

Attendees did not have any additional comments related to the Board's Corporate Governance and Human Resources Committee, Finance and Audit Committee, and Technology and Security Committee meetings.

## **MRC Input and Advice on Board Agenda Items and Accompanying Materials**

Attendees did not have any comments on the items on the Board's agenda for the following day.

### **ERO Enterprise Effectiveness Survey**

Ms. Iwanekko provided an overview of the results from the ERO Enterprise Effectiveness Survey, which was issued to stakeholders in July 2018. The purpose of the survey is to gather feedback on the effectiveness of the ERO Enterprise in executing program activities. There were 576 survey respondents and over 5,000 open-ended comments received. Ms. Iwanekko highlighted the five highest and lowest rated, five most favorable, and five most unfavorable survey items. NERC reviewed the numerical results and identified themes in the open-ended comments to evaluate areas for focus. These were grouped into four broad categories: (1) ERO Enterprise Principles; (2) Reliability Standards Development; (3) Compliance Monitoring and Enforcement; and (4) E-ISAC. Ms. Iwanekko reviewed action plans for each of the four categories, noting that many of the activities are currently underway and addressed in the 2019 ERO Enterprise Work Plan Priorities. Updates on most items will be reported through separate presentations at future meetings and a summary update on the overall action plans will be presented at the MRC's November 2019 meeting.

- Mr. Thilly remarked that communicating all efforts to industry is a challenge and encouraged MRC members and meeting attendees to assist when possible.

### **Effectiveness and Efficiency Update**

Mark Lauby, senior vice president and chief reliability officer at NERC, introduced this agenda topic which included updates on three main focus areas for 2019 related to effectiveness and efficiency: (1) stakeholder engagement; (2) Compliance Monitoring Enforcement Program; and (3) Standards Efficiency Review (SER).

#### **Stakeholder Engagement**

Mr. Lauby explained that a Stakeholder Engagement Team (SET) was established to review the current NERC committee structure and evaluate whether there is a more effective and efficient structure that should be considered. The review is focusing only on the Operating Committee (OC), Planning Committee (PC), and CIPC. Mr. Lauby discussed the SET's work streams and highlighted the results of the SET's review of the technical committees. Mr. Lauby reviewed two options being considered by the SET for restructuring the technical committees. The first option contemplates retaining the existing technical committee structure and creating an Oversight Committee that would report to the Board and coordinate and direct the work of the technical committees. The second option contemplates consolidating the OC, PC, and CIPC, forming a new Reliability and Security Council that would report to the Board and oversee the work of subcommittees, working groups, and task forces. Formal feedback will be requested and the SET expects to present a refined proposal to the MRC at its August meeting. A final proposal will be presented to the Board for approval at its November 2019 meeting and implemented in 2020.

#### **Compliance Monitoring and Enforcement Program (CMEP)**

Mr. Lauby reviewed several focus areas of the Compliance Monitoring and Enforcement Program related to effectiveness and efficiency: (1) efficiency in data gathering and analysis tools, especially through the implementation of the Align tool; (2) continued implementation of risk-based compliance monitoring with

Compliance Oversight Plans tailored to registered entities and CMEP Implementation Plans focused on reliability and security risk levels; (3) providing outreach and education describing how the ERO Enterprise executes its compliance monitoring responsibilities; and (4) identifying ways to streamline the resolution of minimal risk noncompliance approaches.

### **Standards Efficiency Review**

John Allen, chair of the SER Phase 2 team, provided an update on two phases of their activities. For Phase 1, three teams reviewed the operating and planning standards, focusing primarily on identifying requirements for retirement. The teams ultimately identified 84 requirements for retirement which are being presented to the Board the following day for acceptance. The Phase 2 team is reviewing recommendations for modifying requirements identified during Phase 1. An industry survey was issued to evaluate and prioritize six concepts presented during a February 2019 webinar. Further, a new team will be formed to evaluate Critical Infrastructure Protection (CIP) standards requirements. A scope, approach, and timeline for the review of the CIP standards will be determined.

### **Task Force to Address Resilience to Electromagnetic Pulses**

Mr. Lauby explained that the Electric Power Research Institute (EPRI) has been performing research and development on Electromagnetic Pulses (EMP) and issued a report on EMP in late April. He also highlighted a 2017 Department of Energy action plan and March 26, 2019, Executive Order. Mr. Lauby stated that based on EPRI's research and development results, NERC is working with industry to establish a task force to review the final report and identify approaches to address EMP reliability concerns. A task force was formed in April and is targeting its initial draft recommendations in Q3 2019, providing recommendations for guidelines and best practices to NERC technical committees in Q3 2019, and presenting a Standards Authorization Request(s) to the Standards Committee, if applicable, in Q4 2019.

- An MRC member indicated interest in understanding cost implications of different mitigation actions.

### **Update on FERC Reliability Matters**

Andy Dodge, director of the Office of Electric Reliability at FERC, provided an update on the following FERC reliability activities: 2018 CIP audits lessons learned report; CIP-012-1 Notice of Proposed Rulemaking; cyber security incident reporting final rule; March 28, 2019, security investments technical conference; transmission incentives Notice of Inquiry; FERC-NERC joint inquiry into cold weather event; removing barriers to storage participation; and the Florida Reliability Coordinating Council Regional Entity dissolution. He also mentioned the following upcoming items: ERO five-year performance assessment; Reliability Coordinator transition in the west; and the June 27, 2019, FERC Reliability Technical Conference.

### **2019 Summer Reliability Assessment Preview**

John Moura, director of reliability assessments and technical committees at NERC, reviewed three preliminary key findings of the 2019 Summer Reliability Assessment: (1) ERCOT anticipates Energy Emergency Alerts may be needed to address resource shortfalls during periods of peak demand; (2) all other assessment areas have adequate resources for the upcoming summer season; and (3) elevated risk for wildfires in the western United States and parts of Canada poses a localized risk to bulk power system

(BPS) reliability. He also reviewed the year-to-year change in reserve margins, area risk scenarios, and elevated wildfire risk areas. Mr. Moura indicated that an embargoed report will be distributed to the Board and MRC on May 24, 2019, after endorsement from the Planning Committee and approval from NERC Executive Management. NERC expects to release the report on May 30, 2019.

### **2019 State of Reliability Report Preview**

Mr. Moura provided an overview of the 2019 State of Reliability Report, which is intended to offer objective, credible, and concise information to policy makers, industry leaders, and the Board on issues affecting the reliability and resilience of the North American BPS. He highlighted improvements to the report, including a greater focus on the target audience, succinct messaging, actionable metrics, relevance to priority risks, and overall streamlining of the layout. Additionally, more graphics will be used and the report is being condensed from over 200 pages to less than 50. Mr. Moura reviewed the preliminary key findings: (1) 2018 was highly reliable, with no Category 4 or 5 events; (2) extreme weather events continue to be a leading contributor to the largest generation and distribution outages; (3) better than expected performance from the Texas generator fleet helped meet the 2018 summer peak demand; (4) misoperation rate continues to trend downward; (5) frequency response performance in all interconnections is improving or stable; and (6) reliability challenges are emerging as more inverter-based generation is added. He also provided an overview of the information in each of the sections of the report: (1) By the Numbers: The North American BPS; (2) Events Analysis Review; (3) Reliability Indicators; (4) Severity Risk Index and Component Analysis; and (5) Trends in Priority Reliability Issues. An embargoed report will be distributed to the Board and MRC on or about June 3, 2019. NERC staff is scheduled to present the report to the Board for acceptance on June 13, 2019, with a targeted release date of June 19, 2019.

### **Standing Committee Highlights: Compliance and Certification Committee**

This agenda item was postponed until the August 2019 meeting.

### **Adjournment**

There being no further business, the meeting was adjourned.

Submitted by,



Kristin Iwanechko

Secretary

# Agenda

## Member Representatives Committee

May 8, 2019 | 1:00 p.m. - 4:00 p.m. Central

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

The Ritz-Carlton, St. Louis  
100 Carondelet Plaza  
St. Louis, MO 63105

Conference Room: Ritz Carlton Ballroom (Lobby Level)

### Introduction and Chair's Remarks

### NERC Antitrust Compliance Guidelines and Public Announcement\*

### Consent Agenda

1. **Minutes - (Approve)**
  - a. February 6, 2019 Meeting\*
  - b. April 9, 2019 Conference Call\*
2. **Future Meetings\***

### Regular Agenda

3. **General Updates and Reports**
  - a. [NERC Participant Conduct Policy Update](#)
  - b. Board of Trustees Nominating Committee Update\*
  - c. Business Plan and Budget Input Group Update\*
  - d. Regulatory Update\*
4. **Policy and Discussion Items**
  - a. MRC Self-Assessment and Effectiveness Survey Results and Next Steps\*
  - b. Responses to the Board's Request for Policy Input\*
    - i. Supply Chain Report Recommendations\*
  - c. Additional Policy Discussion of Key Items from Board Committee Meetings\*
    - i. Corporate Governance and Human Resources Committee
    - ii. Finance and Audit Committee

- iii. Technology and Security Committee
- d. MRC Input and Advice on Board Agenda Items and Accompanying Materials\*
- e. ERO Enterprise Effectiveness Survey\*
- f. Effectiveness and Efficiency Update\*
- g. Task Force to Address Resilience to Electromagnetic Pulses\*

### **Technical Updates**

- 5. Update on FERC Reliability Matters\***
- 6. 2019 Summer Reliability Assessment Preview\***
- 7. 2019 State of Reliability Report Preview\***
- 8. Standing Committee Highlights: Compliance and Certification Committee\***

\*Background materials included.



**Member Representatives Committee - Attendance (May 8 2019)**

**Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
Greg	Ford	Chair
Jennifer	Sterling	Vice Chair
Katherine	Prewitt	1. Investor-Owned Utility
Lou	Oberski	1. Investor-Owned Utility
Carol	Chinn	2. State/Municipal Utility
Roy	Jones	2. State/Municipal Utility
Don	Gulley	3. Cooperative Utility
Jason	Marshall	3. Cooperative Utility
Lam	Chung	4. Federal/Provincial - <b>Proxy Sylvain Clermont</b>
Paul	Choudhury	4. Federal/Provincial
Sylvain	Clermont	4. Federal/Provincial
Lloyd	Linke	4. Federal/Provincial
Bill	Gallagher	5. Transmission Dependent Utility
John	Twitty	5. Transmission Dependent Utility
Martin	Sidor	6. Merchant Electricity Generator
Donald	Holdsworth	6. Merchant Electricity Generator
Brad	Cox	7. Electricity Marketer
Chris	Haas	7. Electricity Marketer
Kara	Beckmann	8. Large End-Use Electricity Customer
Devin	Hartman	8. Large End-Use Electricity Customer
Bill	Magness	10. ISO/RTO
Peter	Gregg	10. ISO/RTO
Gordon	van Welie	10. ISO/RTO - <b>Proxy Peter Brandien</b>
Silvia	Parada Mitchell	11. Regional Entity - MRO
Harvey	Reed	11 Regional Entity - NPCC
Matt	Schuerger	12. State Government
David	Clark	12. State Government - <b>Proxy Matt Schuerger</b>

**Non-Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
David	Morton	Canadian Provincial
Bruce	Walker	U. S. — Federal
Andy	Dodge	U. S. — Federal
Todd	Hillman	Regional Entity - SERC
Lisa	Barton	Regional Entity - RF - <b>Proxy Ray Palmieri</b>
Melanie	Frye	Regional Entity - WECC
Liz	Jones	Regional Entity - Texas RE - <b>Proxy Curt Brockmann</b>
Kristin	Iwanechko	Secretary