

# Minutes

## Member Representatives Committee

November 5, 2019 | 1:00 p.m. – 4:00 p.m. Eastern

The Whitley  
3434 Peachtree Road NE  
Atlanta, Georgia 30326

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 November 5, 2019, at 1:00 p.m., Eastern, 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, acknowledging the NERC Board of Trustees (Board), Andy Dodge and others from the Federal Energy Regulatory Commission (FERC), State Commissioner David Clark, and CAMPUT representative David Morton, as well as several Canadian regulators. He noted the retirement of MRC member Lou Oberski. 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 Sonia Mendonca, vice president, interim general counsel, and corporate secretary at NERC.

### Minutes

Upon motion duly made and seconded, the MRC approved the minutes of the August 14, 2019, and October 10, 2019, meetings as presented at the meeting.

### Future Meetings

The schedule of future meeting dates, including the pre-meeting and informational webinars for 2020, was included in the agenda package.

Mr. Thilly noted that the abbreviated schedule for the November 2019 quarterly meetings was a trial and, based on feedback, would not be followed for future meetings. In a continuing effort to gain efficiencies without decreasing the flow of information, the Board requested that NERC develop a proposal to shift to three in-person Board meetings per year.

### **Election of MRC Officers for 2020**

Mr. Ford announced the nominations of Jennifer Sterling for chair and Paul Choudhury for vice chair of the MRC for 2020. Upon motion duly made and seconded, the MRC unanimously approved Ms. Sterling as chair and Mr. Choudhury as vice chair. Ms. Sterling and Mr. Choudhury will assume their new positions at the start of the February 2020 MRC meeting in Manhattan Beach, CA.

### **MRC Sector Nominations and Elections Schedule**

Mr. Ford reminded attendees that the nomination period for the annual election of member representatives closes on November 8, 2019. The election will run from December 9, 2019, through December 19, 2019.

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

George Hawkins, chair of the Board Nominating Committee (BOTNC), reported that the BOTNC interviewed candidates in October to fill the open position and is on schedule to make a recommendation to the MRC in December for consideration at the MRC's February 2020 meeting.

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

Sylvain Clermont, chair of the Business Plan and Budget Input Group, provided an update on the group's activities. During the group's most recent call, they reviewed the 2021 business plan and budget development schedule and received an update on the technology projects that are currently in the pipeline to understand potential impacts on the business plan and budget.

### **Regulatory Update**

Ms. Mendonca invited questions or comments regarding the regulatory report, which highlights Canadian affairs and significant FERC filings.

### **ERO Enterprise Effectiveness Survey Update**

Ms. Iwanechko, associate director of regional and stakeholder relations at NERC, provided an update on the ERO Enterprise Effectiveness Survey issued in July 2018. She noted that a report of the results, including action plans developed to address identified focus areas, was presented at the MRC's May 2019 meeting. Action plans were developed for areas in four categories: ERO Enterprise Principles, Reliability Standards Development, Compliance Monitoring and Enforcement, and E-ISAC. Ms. Iwanechko noted that most of the activities have either been completed or are in the process of being completed and highlighted some of the key activities in each area. She added that NERC will re-evaluate its survey approach for effectiveness and efficiency and present a simplified approach to the MRC in February 2020.

### **MRC Governance Guidelines**

Mr. Ford noted that the MRC Governance Guidelines were developed by NERC and the MRC chair and vice chair, with input from MRC members, with the intent to consolidate the number of documents guiding the MRC down to two – the NERC Bylaws and the new MRC Governance Guidelines. Upon motion duly made and seconded, the MRC unanimously approved the MRC Governance Guidelines.

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

Mr. Ford acknowledged the MRC's responses to Mr. Thilly's October 2, 2019, letter requesting policy input on the Reliability and Security Technical Committee proposal, in addition to the preliminary agenda topics for the November meetings. Responses to the letter are [posted](#) with the Board agenda materials on the NERC website.

### **Reliability and Security Technical Committee Proposal**

Ms. Sterling, vice chair of the MRC and co-chair of the Stakeholder Engagement Team (SET), provided an update on the SET's proposal to replace the Critical Infrastructure, Operating, and Planning Committees with a new Reliability and Security Technical Committee (RSTC). She noted that existing subcommittees, working groups, and task forces would be retained and one of the RSTC's initial activities will be to evaluate work products of the subcommittees, working groups, and task forces and eliminate or combine those without recurring responsibilities. Ms. Sterling highlighted recent revisions to the proposal, specifically changes to the participation model and how members will be selected, both initially and in the future. She also noted that the SET is recommending Mr. Ford and David Zwergel to serve as the RSTC's chair and vice chair, respectively, for two-year terms. She added that policy input submitted on the implementation plan would be considered by the RSTC when it develops a detailed implementation plan. Ms. Sterling reviewed the timeline for the upcoming RSTC sector nomination period, scheduled to open on November 6, 2019, and the RSTC at-large nomination period, scheduled to open on December 9, 2019. She added that the Board is considering the revised proposal and charter for approval and chair and vice chair recommendations for appointment at their meeting immediately following the MRC meeting. RSTC sector and at-large members will be presented to the Board for appointment at its February 2020 meeting. The RSTC's inaugural meeting will be on March 4, 2020.

- An MRC member requested delaying the start of the sector nomination period by a week and shortening the nomination period from four weeks to three weeks. NERC and the SET leadership agreed to make this change.

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

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

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

An MRC member offered a comment on the Reliability Issues Steering Committee Risk Priorities Report agenda item, suggesting further collaboration with other entities that are currently doing work on drivers for identifying battery storage, which was identified in the report as a new emerging risk.

### **ERO Enterprise Long-Term Strategy Update**

Jim Robb, president and chief executive officer at NERC, provided an update on the ERO Enterprise Long-Term Strategy which was posted for an industry comment period in September 2019. He reiterated that it was developed around the ERO Enterprise Golden Circle and reviewed the five strategic focus areas outlined in the strategy. Mr. Robb summarized the comments received, including requests for linkages to the RISC report, leveraging work of other bodies, and other clarifications. He noted that NERC would

revise the ERO Enterprise Long-Term Strategy based on comments received, share it with the Regional Entity Board's for input and support, and present it to the Board for approval on its December 14, 2019, conference call.

- MRC members discussed the importance of cost-effectiveness of standards development, the importance of effectiveness of standards beyond cost, and the role that compliance should play in the development of standards and associated guidance.
- An MRC member highlighted the need to coordinate work and collaborate with other organizations to avoid duplication of efforts.

### **Supply Chain Data Request and NERC Alert Responses**

Howard Gugel, vice president of engineering and standards at NERC, reviewed the Board resolution accompanying the adoption of the supply chain standards and provided an overview of the data request that was issued in August 2019. The data request was applicable to entities in CIP-002-5.1a and was focused on information on low impact Bulk Electric System Cyber Systems. He reviewed the data submitted and highlighted several observations: (1) most low impact assets reside in organizations with higher impact assets; (2) most low impact assets are lower risk; (3) a significant percentage of generation resources allow third party access; and (4) a significant percentage of "low only" transmission stations and substations allow third party access. He noted that the data shows a need for further discussion, not only on the supply chain standards but the Critical Infrastructure Protection (CIP) standards more broadly.

- MRC discussion included questions on the definition of third party access. Mr. Gugel clarified that third party access only referred to electronic access, but was not limited to external routable connectivity.
- A Board member requested clarification on next steps. Mr. Gugel suggested continued data and NERC alert analysis, discussion on whether NERC should reconsider bright line criteria, and discussion on whether NERC should include lows in the supply chain standards.

### **ERCOT Summer 2019 Performance**

Bill Magness, president and CEO of ERCOT, and DeAnn Walker, Chairman of the Public Utility Commission of Texas, presented on ERCOT's summer 2019 performance. Ms. Walker provided an overview of the ERCOT interconnection, including regulatory background and market structure, and how the ERCOT market addresses resource adequacy. Mr. Magness provided additional detail on the energy-only nodal market in the ERCOT interconnection, including reliability tools for emergency conditions. He noted that Texas uses the most electricity of any state and has seen consistent load growth. Mr. Magness provided details about the summer 2019 performance and highlighted key observations: (1) based on mean temperature, June through September ranked as the fourth hottest summer on record in Texas; (2) the tightest conditions frequently occurred earlier than the time of peak demand (the peak net load); (3) resource performance continues to outpace historical patterns; and (4) overall, the market outcomes supported reliability needs.

### **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: staff report on lessons learned from Commission-led CIP reliability audits; FERC/NERC staff white paper on CIP standards Notices of Penalty; September 10-11, 2019, technical conference on managing transmission line ratings and observations; November 5-6, 2019, grid-enhancing technologies workshop; and compliance filings on storage rule.

### **Adjournment**

There being no further business, the meeting was adjourned.

Submitted by,



Kristin Iwanechko

Secretary

# Agenda

## Member Representatives Committee

November 5, 2019 | 1:00 p.m. – 4:00 p.m. Eastern

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

The Whitley  
3434 Peachtree Road NE  
Atlanta, Georgia 30326

Conference Room: Salons 1, 2, 6, 7, 8 (1<sup>st</sup> Floor)

### Introduction and Chair's Remarks

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

#### Consent Agenda

1. **Minutes - (Approve)**
  - a. August 14, 2019 Meeting\*
  - b. October 10, 2019 Conference Call\*
2. **Future Meetings\***
3. **Elections and Nominations**
  - a. Election of MRC Officers for 2020\*
  - b. MRC Sector Nominations and Elections Schedule\*

#### Regular Agenda

4. **General Updates and Reports**
  - a. Board of Trustees Nominating Committee Update\*
  - b. Business Plan and Budget Input Group Update\*
  - c. Regulatory Update\*
  - d. ERO Enterprise Effectiveness Survey Update\*
5. **Policy and Discussion Items**
  - a. MRC Governance Guidelines\* - **(Approve)**
  - b. Responses to the Board's Request for Policy Input\*
    - i. Reliability and Security Technical Committee Proposal\*

- c. Additional Policy Discussion of Key Items from Board Committee Meetings\*
  - i. Finance and Audit Committee (October 31)
  - ii. Corporate Governance and Human Resources Committee (October 31)
  - iii. Compliance Committee (November 1)
  - iv. Technology and Security Committee (November 1)
- d. MRC Input and Advice on Board Agenda Items and Accompanying Materials\*
- e. ERO Enterprise Long-Term Strategy Update\*

### **Technical Updates**

- 6. Supply Chain Data Request and NERC Alert Responses\***
- 7. ERCOT Summer 2019 Performance\***
- 8. Update on FERC Reliability Matters\***

\*Background materials included.

**Member Representatives Committee - Attendance (November 5, 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 - <b>Proxy Jennifer Flandermeyer</b>
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
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
Sean	Cavote	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
Jacqueline	Roberts	9. Small End-Use Electricity Customer
Kristin	Munsch	9. Small End-Use Electricity Customer
Bill	Magness	10. ISO/RTO
Gordon	van Welie	10. ISO/RTO - <b>Proxy Peter Brandien</b>
Peter	Gregg	10. ISO/RTO
Silvia	Parada Mitchell	11. Regional Entity - MRO
Harvey	Reed	11. Regional Entity - NPCC
Matt	Schuerger	12. State Government - <b>Proxy Michelle Rosier</b>
David	Clark	12. State Government

**Non-Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
David	Morton	Canadian Provincial
Andy	Dodge	U. S. — Federal
Todd	Hillman	Regional Entity - SERC
Melanie	Frye	Regional Entity - WECC
Liz	Jones	Regional Entity - Texas RE
Kristin	Iwanechko	Secretary