

Agenda Member Representatives Committee Pre-Meeting Informational Session

July 14, 2021 | 11:00 a.m. – 12:00 p.m. Eastern

Attendee WebEx: [Click to Join](#)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. Schedule and Preliminary Agenda Topics for the August 2021 Board, Board Committees, and MRC Meetings*
2. Overview of Policy Input Letter
 - a. Implementation of ERO Policies, Procedures, and Programs for 2021/2022 Winter Energy Readiness*

*Background materials included.

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.

Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Member Representatives Committee (MRC)

Pre-Meeting and Informational Webinar
July 14, 2021

RELIABILITY | RESILIENCE | SECURITY



- Review schedule and preliminary agenda topics for the August 2021 Board, Board Committees, and MRC meetings
- Review policy input letter topic
 - Implementation of ERO Policies, Procedures, and Programs for 2021/2022 Winter Energy Readiness

- **July 7:** Policy input letter issued
- **July 28:** Written comments due on policy input topics and preliminary agenda topics
- **July 29:** Board and MRC agenda packages and policy input letter comments posted
- **August 5:** Board and MRC presentations posted
- **August 11-12:** Board Committee, Board, and MRC open meetings

Schedule of August 11-12 Board and MRC Open Conference Calls

| Wednesday, August 11, 2021 | |
|----------------------------|--|
| 11:00 a.m.-12:00 p.m. | Corporate Governance and Human Resources Committee Meeting — <u>Open</u> |
| 12:45-1:45 p.m. | Technology and Security Committee Meeting — <u>Open</u> |
| 2:30-3:30 p.m. | Finance and Audit Committee Meeting — <u>Open</u> |
| Thursday, August 12, 2021 | |
| 11:00 a.m.-1:00 p.m. | Member Representatives Committee Meeting — <u>Open</u> |
| 2:00 p.m.-5:00 p.m. | Board of Trustees Meeting — <u>Open</u> |

- Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey
- Human Resources and Staffing Update

- E-ISAC Operations Update
- ERO Enterprise Business Technology Projects Update
- ERO Enterprise Align Project Update

- Second Quarter Statement of Activities
- NERC and Regional Entity Proposed 2022 Business Plan and Budgets and Associated Assessments

- Future Meetings
- Schedule for MRC Officer and Sector Elections
- General Updates and Reports
 - Business Plan and Budget Input Group Update
 - Regulatory Update
- Policy and Discussion Items
 - Responses to the Board's Request for Policy Input
 - Implementation of ERO Policies, Procedures, and Programs for 2021/2022 Winter Energy Readiness
 - Additional Policy Discussion of Key Items from Board Committee Meetings
 - MRC Input and Advice on Board Agenda Items and Accompanying Materials

- **Technical Updates**
 - Update on FERC Reliability Matters
 - Risk Registry
 - Bulk Power System Situation Awareness Update

- Committee Membership and Charter Amendments
- Report on the August 11, 2021, Closed Meeting
- Board Committee Reports
 - Accept Second Quarter Statement of Activities
 - Approve NERC and Regional Entity 2022 Business Plans and Budgets and Associated Assessments
- Standards Quarterly Report and Actions
 - Adopt Project 2019-02 BES Cyber System Information Access Management
 - Approve Proposed Revisions to the NERC Rules of Procedure – Section 300, Appendices 3B and 3D
 - Standards Efficiency Review Update
 - Low Impact BES Cyber Asset and Supply Chain Update

- Other Matters and Reports
 - Discuss Policy Input and Member Representatives Committee Meeting
 - Accept 2021 State of Reliability Report
 - Accept 2021 ERO Reliability Risk Priorities Report
 - Semi-annual Review of the Achievements of ERO Enterprise Work Plan Priorities
 - 2021 ERO Enterprise Reliability Indicators
- Committee, Forum, and Group Reports



Questions and Answers

Implementation of ERO Policies, Procedures, and Programs for 2021/2022 Winter Energy Readiness

Action

Information

Background

Extreme weather is a well-documented and growing risk to reliability. The meaning of “extreme events” is expanding. First, extreme does not mean rare, and second, extreme, long-duration, widespread temperatures, which had not been as much of an issue in the past, has become a common condition that the transformed resource mix requires more resilience. The effects of extreme temperatures or solar/wind/moisture droughts and wildfires are exacerbated by a bulk power system that has rapidly transforming generation resource mix that are more sensitive to these extreme conditions.

The ERO Enterprise has various policies, procedures, and programs to identify and mitigate risks to the bulk power system. As industry prepares for the upcoming winter, the ERO Enterprise is employing several of these policies, procedures, and programs.

Summary

Since 2011, the ERO Enterprise has heightened its scrutiny over events during extreme winter weather conditions. Most recently, FERC and the ERO Enterprise initiated a joint inquiry to review the circumstances surrounding the February 2021 event that affected Texas and parts of the southern central United States. Prior to that, driven by the result of a joint inquiry into the January 17, 2018, south central United States cold weather event, NERC initiated a project resulting in the development of Reliability Standards EOP-011-2, IRO-010-4, and TOP-003-5. These Cold Weather Reliability Standards were recently adopted by the NERC Board of Trustees and are currently pending FERC approval. They will require generators to:

- Implement plans for cold weather preparedness;
- Require Generator Owners to implement plans to prepare for cold weather; and
- Provide certain generator cold weather operating parameters to the Reliability Coordinator, Transmission Operator, and Balancing Authority for use in their analyses and planning.

The Cold Weather Reliability Standards will enhance the ability of the Balancing Authority, Transmission Operator, and Reliability Coordinator to plan and operate the grid reliably during cold weather conditions by requiring the exchange of information related to the generator’s capability to operate.

As these new Reliability Standards will not go into effect before the upcoming winter, and there are additional preparations needed beyond unit winterization, the ERO Enterprise is pursuing several efforts to evaluate industry preparedness for the upcoming 2021-2022 Winter.

1. **Winter Weather Preparedness Outreach and Industry Engagement** – The ERO Enterprise will conduct several webinars, conferences, and workshops focused on cold weather preparedness.
2. **Registered Entity On-site/Virtual Engagement** – Some Regional Entities will conduct on-site or virtual visits with their registered entities to better understand the extent of condition for preparedness for the upcoming winter.
3. **Level 2 NERC Alert** – NERC will issue a Level 2 Alert in August 2021 to gauge the following:
 - The actions being taken to prepare for the upcoming winter.
 - The specific mitigations from existing Reliability Guidelines and Lessons Learned being implemented.
 - The status of implementing those mitigations.
 - The timeline for completing any outstanding mitigation prior to the upcoming winter season.

The Alert will recommend specific actions be taken based on past events and the new Reliability Standards. Responses will be used as an input by the ERO Enterprise to determine the general risk profile for the upcoming winter.

4. **Compliance Monitoring and Enforcement Program (CMEP) Practice Guide** –The ERO Enterprise is considering developing a CMEP Practice Guide to help CMEP staff engage with and understand how registered entities are managing the risk to reliability related to cold weather preparedness in preparation for, and during the implementation of, the Cold Weather Reliability Standards. The Practice Guide will provide direction to CMEP staff on understanding registered entities' current cold weather preparedness plans and activities during compliance monitoring and enforcement activities to provide the ERO Enterprise with a better understanding of the entity's practices as they relate to mitigating known cold weather related risks. In addition, it will encourage industry to be proactive and consider existing good utility practices in their approach to cold weather preparedness.
5. **2021/2022 Winter Reliability Assessment** – This annual report, expected to be published in November 2021, will include additional focus on extreme winter weather preparation, energy management planning, and expected operational conditions.

The efforts listed above will help the ERO Enterprise highlight areas of high risk that should be identified and mitigated before the upcoming winter season. As part of the July Policy Input Letter, the NERC Board of Trustees is requesting input on whether there are other activities the ERO Enterprise should pursue and what additional steps industry should take in preparation for the upcoming Winter.

NERC

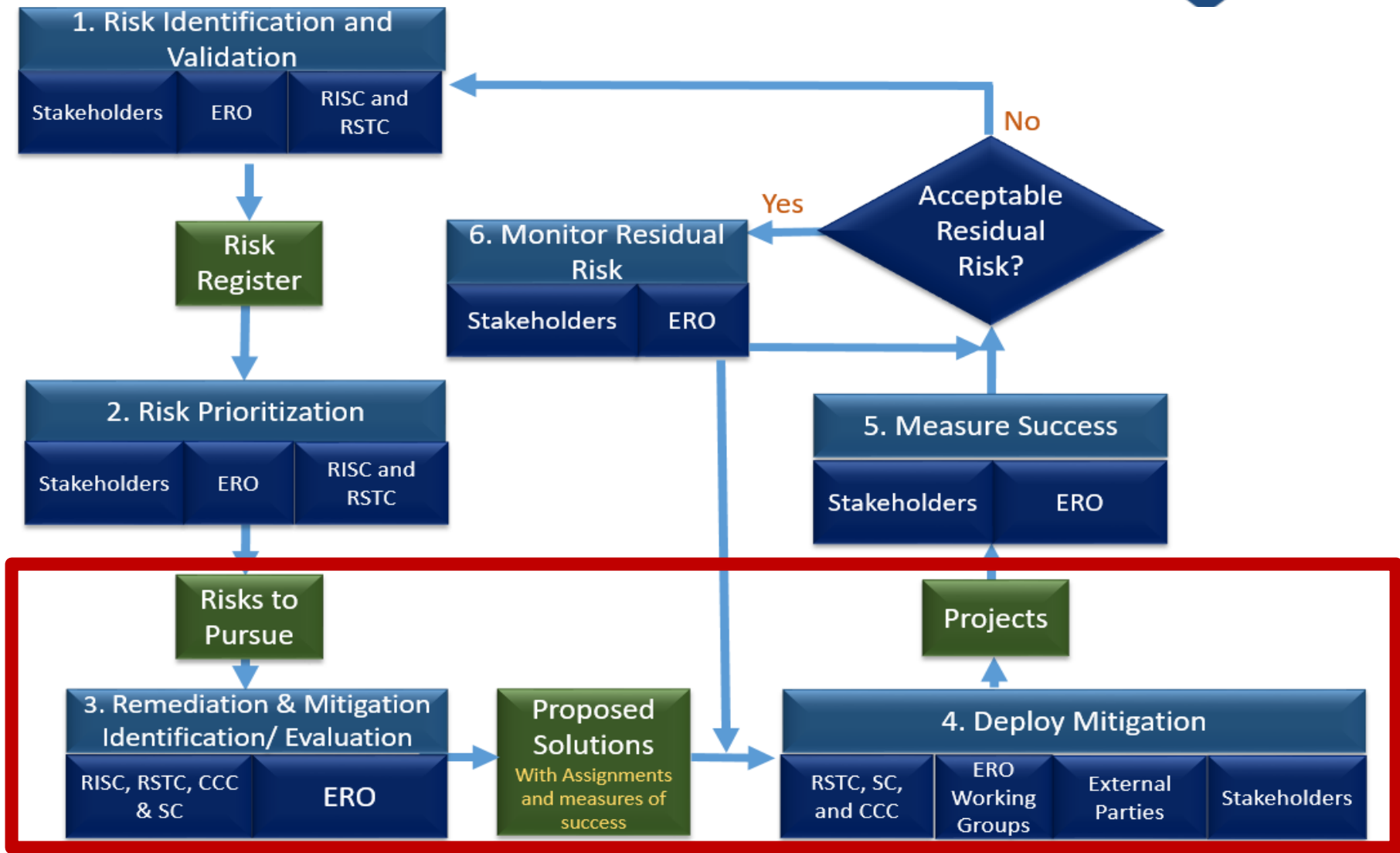
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Implementation of ERO Policies, Procedures, and Programs for 2021/2022 Winter Energy Readiness

Mark Lauby, Senior Vice President and Chief Engineer
MRC Informational Session
July 14, 2021

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- Resource mix evolving to be more sensitive to certain extreme events:
 - Extreme does not mean rare
 - Long duration, widespread extreme temperatures, wind/solar/moisture droughts, wildfires
- Evolution has impacted the resilience of the grid
 - Large amount of capacity can become unavailable, creating energy scarcity
 - Ability to support neighboring organization hampered as native load increases take up what excess energy is available
 - Sufficient energy not available to meet energy needs
- FERC and ERO Enterprise joint inquiry into February 2021 cold weather event
- Development of EOP-011-2, IRO-010-4, and TOP-003-5

- Bridge Joint Inquiry and Standard Approvals with ERO Policies, Procedures and Programs
 - Winter Weather Preparedness Outreach and Industry Engagement
 - Registered Entity On-site/Virtual Engagement
 - Level 2 NERC Alert (August 2021)
 - CMEP Practice Guide
 - 2021/2022 Winter Reliability Assessment (November 2021)

- What other activities, if any, should the ERO Enterprise pursue in preparation for the upcoming winter?
- What additional steps should be taken by industry to address preparations for upcoming winter extreme events?



Questions and Answers