

# Agenda

## Member Representatives Committee

### Pre-Meeting Informational Session

January 18, 2023 | 3:00 p.m. – 4:00 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 February 2023 Board, Board Committees, and MRC Meetings\*
2. Overview of Input Letter
  - a. Prioritization of Activities and Effective Engagement\*

\*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  
January 18, 2023

**RELIABILITY | RESILIENCE | SECURITY**



- Review schedule and preliminary agenda topics for the February 2023 Board, Board Committees, and MRC meetings
- Review input topic
  - Prioritization of Activities and Effective Engagement

- **January 11:** Input letter issued
- **February 1:** Written comments due on input topics and preliminary agenda topics
- **February 2:** Board and MRC agenda packages and input letter comments posted
- **February 9:** Board and MRC presentations posted
- **February 15-16:** Board, Board Committee, and MRC open meetings

| Wednesday, February 15, 2023         |   |
|--------------------------------------|---|
| 8:00 – 8:45 a.m.                     | Finance and Audit Committee Meeting— <u>Open</u>                        |
| 9:00 – 9:45 a.m.                     | Compliance Committee Meeting— <u>Open</u>                               |
| 10:00 – 10:45 a.m.                   | Technology and Security Committee Meeting — <u>Open</u>                 |
| 11:00 – 11:45 a.m.                   | Corporate Governance and Human Resources Committee Meeting— <u>Open</u> |
| 11:45 a.m. – 1:15 p.m.               | Lunch   |
| 1:15 – 3:00 p.m.                     | Technical Session   |
| 3:00 – 3:30 p.m.                     | Break   |
| 3:30 – 5:00 p.m.                     | Member Representatives Committee Meeting— <u>Open</u>                   |
| 5:30 – 6:30 p.m.<br>6:30 – 8:00 p.m. | Reception<br>Stakeholder Dinner   |
| Thursday, February 16, 2023          |   |
| 9:30 a.m. – 12:00 p.m.               | Board of Trustees Meeting— <u>Open</u>                                  |

*All meeting times are Mountain*

- 2022 Year-End Unaudited Summary of Results
- Annual Review of Finance and Audit Committee Mandate



- CMEP Annual Report
- Proposed Amendments to Compliance Committee Mandate

- E-ISAC Operations Update
- ERO Enterprise Align Project Update
- ERO Enterprise Business Technology Update
- NERC Business Continuity Program Update
- Annual Review of Technology and Security Committee Mandate

- Approve Proposed Amendments to Board Committee Mandates
- Annual Review of Committee Mandate
- Approve Revisions to Board and Board Committees' Annual Evaluations
- Review NERC Governance Guidelines
- Annual Conflict of Interest and Independence Report
- People and Culture Update

- Bulk Power System Awareness Update
- Winter Preparations – NERC Alert Update
- North Carolina December 2022 Event
- Inverter-Based Resources Panel Discussion

- Election of NERC Trustees
- Future Meetings
- Plan for Evaluating MRC Governance and Effectiveness
- General Updates and Reports
  - Business Plan and Budget Input Group Update
  - Update on FERC Activities
  - Regulatory Update
- Responses to the Board's Request for Input
  - Prioritization of Activities and Effective Engagement
- Additional Discussion on First Quarter Open Meetings
  - Board Committee Meetings (February 15)
  - Technical Session (February 15)
  - Board Meeting (February 16)

- Committee Membership and Charter Amendments
- Governance Documents Amendments
- Report on the February 14 and 16, 2023 Closed Meetings
- Approve Election and Appointment of Board Chair and Vice Chair, Board Committee Assignments, and NERC Officers
- Board Committee Reports
  - Approve Proposed Amendments to Board Committee Mandates
  - Accept Year-End Unaudited Summary of Results
- Semi-Annual Committee, Group, and Forum Reports to the Board
  - Approve PCGC 2023 Work Plan
  - Approve SC 2023-2025 Strategic Work Plan
  - Approve CCC 2023 Work Plan
  - Approve RSTC 2023-2025 Strategic Plan

- Standards Quarterly Report and Actions
  - Adopt Project 2021-04 Modifications to PRC-002 (Glencoe SAR)
  - Adopt Project 2021-05 Modifications to PRC-023
  - Cold Weather Standards Status
  - Standards Process Improvement Opportunities Status
- Year-End Review of the Achievements of the 2022 ERO Enterprise Work Plan Priorities
- Joint RISC/RSTC Presentation: Evaluation and Prioritization of Emerging Risks



# Questions and Answers



## Prioritization of Activities and Effective Engagement

### Action

Information

### Summary

The electric sector is currently undergoing a massive transformation and faces an unprecedented threat and risk environment. The ERO Enterprise is committed to maintaining its focus on addressing the reliability, resilience, and security issues that face our sector. Complementing this commitment, the ERO Enterprise continues to improve alignment of programs and processes, and improve the security and integrity of its own systems and security practices to reduce risk. To support these efforts, NERC's 2023-2025 business plan and budget is centered on four priority areas of focus – energy, security, agility, and sustainability:

- **Energy:** Tackling the challenge of grid transformation and climate change-driven, extreme weather
- **Security:** Moving the needle by focusing on supply chain, Information Technology (IT) and Operational Technology (OT) system monitoring, cyber design, and evolution of the Critical Infrastructure Protection (CIP) Standards
- **Agility:** Tooling the company to be more nimble in key areas, particularly standards development and internal operational processes
- **Sustainability:** Investing in ERO systematic controls, eliminating single points of failure, strengthening succession planning, and ensuring robust cyber security protections for all systems

In addition, non-budgeted needs arise that require additional focus and resources. Most recently in the last quarter of 2022, FERC directed NERC to address several efforts related to inverter-based resources and physical security matters. FERC, NERC, and the Regional Entities also announced a joint inquiry into the grid's performance during Winter Storm Elliott. There is a large volume of work underway and additional matters cause additional strain to NERC, Regional Entity, and stakeholder resources. Further, the current economic environment is a challenge and balancing reliability, resilience, security, and technology costs is important.

All of this activity is in recognition of the crucial responsibility the ERO Enterprise and industry have of assuring the reliability, resilience, and security of the North American grid. Prioritization of NERC's activities and effective engagement with its stakeholders is key to the success of this mission. Stakeholders have expressed concern about the volume of work, resource requirements, level of engagement, and effectiveness; however, it is not clear which efforts stakeholders believe are driving a disproportionate use of their resources relative to the value of the risks being mitigated.

As part of the January 11, 2022, input letter, the Board is requesting MRC input on which efforts do not provide value or are driving a disproportionate use of resources relative to the risk being mitigated, and what steps NERC and industry can take to achieve a better balance of resources.