

Agenda

Reliability Issues Steering Committee

March 16, 2018 | 2:00–3:00 p.m. Eastern

[WebEx](#) | Dial-in: 1-415-655-0002 | Access Code: 736 080 484

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. **January 12, 2018, Meeting Minutes* – Approve**
2. **[2018 RISC Roster](#)**
3. **Resilience Framework* – Discuss**
 - a. RTO/ISO Submissions to FERC
 - b. Initial NERC Standing Committee Input to RISC
4. **2019 Reliability Leadership Summit – Discuss**
5. **Next Steps – Discuss**
6. **Future Meeting Dates**
 - a. April 9, 2018 | 3:00–4:00 p.m. Eastern – conference call

*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.

Draft Minutes

Reliability Issues Steering Committee

January 12, 2018 | 12:30 p.m. – 2:00 p.m. Eastern

Erika Chanzas took attendance and verified a quorum with the following Reliability Issues Steering Committee (RISC) members on the phone: Peter Brandien, Terry Bilke, Carol Chinn, Brian Evans-Mongeon, Charles King, Lloyd Linke, Mark McCulla, Dave Osburn, Nelson Peeler, John Pespisa, Woody Rickerson, Chris Root, Herb Schrayshuen, Chris Shepherd, and Brian Slocum. Additional stakeholder observers were in attendance as well. NERC staff attendees included Erika Chanzas, Kristin Iwanechko, Mark Lauby, James Merlo, and Mike Walker.

Introduction and Chair's Remarks

Mr. Brandien welcomed RISC members and observers and reviewed the agenda.

NERC Antitrust Compliance Guidelines and Public Announcement

Ms. Chanzas called attention to the NERC antitrust guidelines in the agenda package.

Agenda Items

1. December 13, 2017, Meeting Minutes

The December 13, 2017, meeting minutes were approved on a motion by Mr. Schrayshuen and seconded by Mr. Osburn.

2. Final Draft of ERO Reliability Risk Priorities Report

a. Proposed Removal of Recommendations

Mr. Brandien noted that, as assigned on the last conference call, a sub-group reviewed the recommendations spreadsheet to identify recommendations for possible removal. The sub-group noted that recommendations were identified for removal if the activity was already ongoing or if it was not actionable. The sub-group also proposed to acknowledge the concepts and actions of any removed recommendations in the body of the report. Mr. Brandien highlighted a proposed additional recommendation regarding inverter-based resources. The RISC reviewed the updated spreadsheet and agreed to add the inverter-based resources recommendation, remove select recommendations, and capture the concepts of the removed recommendations throughout the body of the report.

b. Additional Revisions to Report

Mr. Brandien highlighted additional revisions made to the report since the previous draft, including revisions to the heat map to move away from High, Moderate, and Lower levels of risk to categorizing the profiles by the quadrants in the heat map. Mr. Brandien asked RISC for input by the following Friday to be incorporated in the final report.

Mr. Schrayshuen suggested including a discussion on FERC’s action relative to the Department of Energy Notice of Proposed Rulemaking regarding resilience and the plan going forward, including the strawman definition FERC has identified.

Ms. Chinn asked how the changes to the report will affect the ERO Enterprise Operating Plan. Mr. Walker stated that NERC staff will review the operating plan to make changes as needed, but does not anticipate many changes as a result of the removed recommendations since many are continuing activities that should continue to be reflected in the operating plan.

3. Resilience Framework

Mr. Brandien reviewed the framework included in the background document, which maps current ERO Enterprise activities to the four elements of the National Infrastructure Advisory Council’s (NIAC’s) Framework for Establishing Critical Infrastructure Goals – robustness, resourcefulness, rapid recovery, and adaptability. The RISC discussed the framework with the goal of finalizing it to be presented and discussed at the NERC Member Representatives Committee meeting on February 7, 2018. As recommended in the framework, the RISC will request input from the standing committees on their respective activities addressing resilience to evaluate whether the ERO should take additional steps to address the key elements of BPS resilience. Mr. Schrayshuen suggested asking the technical committees to provide their opinions relative to the “time frame for recovery” necessary to be achieved to be considered resilient. The RISC will also consider the Regional Transmission Organizations’ and Independent System Operators’ comments in response to FERC’s January 8, 2018 Order on grid resilience which will be filed in early March.

4. Next Steps

In preparation for the February 7-8, 2018, NERC Member Representatives Committee and Board of Trustees (Board) meetings, Mr. Brandien reminded members to respond quickly to the final draft of the RISC report and review the resilience write-up for any additional input. Mr. Brandien also noted that new RISC members will be appointed by the Board in February.

5. Future Meeting Dates

- a. March TBD – conference call

Resilience Framework

Action

Discuss the following information-gathering efforts related to bulk power system (BPS) resilience:

1. Submissions from the Regional Transmission Organizations and Independent System Operators (RTOs/ISOs) in response to FERC's proceeding on grid resilience¹. Submissions are due to FERC from the RTOs/ISOs by March 9, 2018. A link to the submissions will be provided prior to the March 16, 2018, RISC call.
2. Initial verbal feedback as available on the RISC's request for input from the NERC standing committees on their respective activities addressing resilience. Formal written feedback is due from the standing committees by March 28, 2018.

Background

On January 8, 2018, FERC initiated a proceeding to take steps to develop a common understanding of what resilience of the BPS means and requires, and to gain further understanding regarding how each RTO/ISO assesses resilience. In this proceeding, FERC, referencing the National Infrastructure Advisory Council (NIAC), set forth its understanding of resilience to mean:

The ability to withstand and reduce the magnitude and/or duration of disruptive events, which includes the capability to anticipate, absorb, adapt to, and/or rapidly recover from such an event.

The proceeding also launched an information-gathering effort by FERC with the RTOs/ISOs to:

1. Vet its proposed definition of resilience
2. Determine how RTOs/ISOs assess threats to resilience
3. Identify how RTOs/ISOs mitigate threats to resilience

Responses from the RTOs/ISOs are due to FERC in 60 days of the order (March 9, 2018). Replies from interested parties are due by April 9, 2018.

As part of related efforts by NERC to further understand BPS resilience, Peter Brandien, RISC Chair, presented the following framework proposed by the RISC during the Member Representatives Committee's (MRC's) February 7, 2018, meeting:

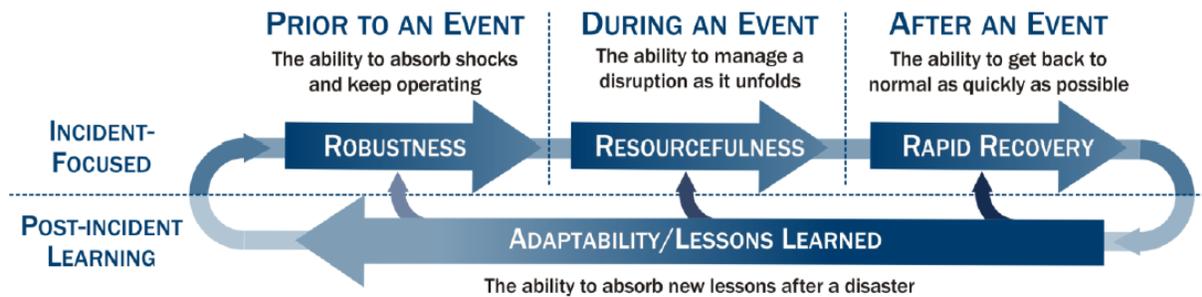
1. Develop a common understanding and definition of the key elements of BPS resilience;
2. Understand how these key elements of BPS resilience fit into the existing ERO framework; and
3. Evaluate whether there is a need to undertake additional steps within the ERO framework to address these key elements of BPS resilience beyond what is already in

¹ *Grid Resilience in Regional Transmission Organizations and Independent System Operators*, 162 FERC ¶ 61,012 (2018). See <https://www.ferc.gov/CalendarFiles/20180108161614-RM18-1-000.pdf>

place and underway in connection with ongoing ERO Enterprise operations, including work being undertaken by each of the NERC standing committees.

The RISC suggested the NIAC's Framework for Establishing Critical Infrastructure Goals² is a credible source for further understanding and defining resilience. The NIAC framework includes four outcome-focused abilities:

1. Robustness – the ability to absorb shocks and continue operating;
2. Resourcefulness – the ability to skillfully manage a crisis as it unfolds;
3. Rapid Recovery – the ability to get services back as quickly as possible; and
4. Adaptability – the ability to incorporate lessons learned from past events to improve resilience.



The RISC highlighted ERO Enterprise activities within these four areas, as shown in the table below. The NERC Board of Trustees (Board) requested that the RISC move forward with the resilience framework, with the next step being to request input from the standing committees on respective activities addressing resilience. Specifically, the RISC requested the following input on or before March 28, 2018, using the table below as a reference:

1. The committee's views on how BPS resilience is currently being addressed within the scope of the committee's responsibilities; and
2. Any additional activities the committee believes should be undertaken.

The RISC will then review and summarize this information, together with any additional views and recommendations it may have, for discussion at the May 2018 MRC meeting.

² See Exhibit 2.1 of the National Infrastructure Advisory Councils' (NIAC's) Final Report and Recommendations, "A Framework for Establishing Critical Infrastructure Resilience Goals," (October 19, 2010).

NIAC Resilience Constructs	Key Programs and Activities	Specific Efforts\Tools
<p>Robustness—The ability to continue operations in the face of disaster. In some cases, it translates into designing structures or systems to be strong enough to take a foreseeable punch. In others, robustness requires devising substitute or redundant systems that can be brought to bear should something important break or stop working. Robustness also entails investing in and maintaining elements of critical infrastructure so that they can withstand low probability but high consequence events.</p>	<ul style="list-style-type: none"> • Reliability and Emerging Risk Assessments • Risk, Event and Performance Monitoring • Technical Committee work, including special projects • Mandatory Reliability Standards • Reliability Guidelines Operator Certification and Training • E-ISAC information sharing programs 	<ul style="list-style-type: none"> • Alerts • State of Reliability Report <ul style="list-style-type: none"> ○ GADS ○ TADS ○ DADS ○ Protection system misoperations ○ TEAMS ○ FR Performance • Long-Term Reliability Assessment • Key Reliability Standards: <ul style="list-style-type: none"> ○ TPL (Extreme) ○ EOP ○ Blackstart Restoration • GridEx • Security conferences and information sharing (e.g. GridSecCon)
<p>Resourcefulness—The ability to skillfully manage a disaster as it unfolds. It includes identifying options, prioritizing what should be done both to control damage and to begin mitigating it, and communicating decisions to the people who will implement them. Resourcefulness depends primarily on people, not technology.</p>	<ul style="list-style-type: none"> • Situational Awareness and Industry Coordination • Government Coordination • Cross-Sector Information Sharing • Mandatory Reliability Standards/Functional Model 	<ul style="list-style-type: none"> • BPSA information sharing tools and processes • E-ISAC information sharing tools and processes • Formation of a Crisis Action Team to support industry and governmental coordination • Standards requirements <ul style="list-style-type: none"> ○ Reliability Coordinators ○ Transmission Operators
<p>Rapid recovery—The capacity to get things back to normal as quickly as possible after a disaster. Carefully drafted contingency plans, competent emergency operations, and the means to get the right people and resources to the right places are crucial.</p>	<ul style="list-style-type: none"> • Situational Awareness, Industry Coordination • Government Coordination • Cross-Sector Information Sharing 	<ul style="list-style-type: none"> • Support for Electric Sector Coordinating Council activities
<p>Adaptability—The means to absorb new lessons that can be drawn from a catastrophe. It involves revising plans, modifying procedures, and introducing new tools and technologies needed to improve robustness, resourcefulness, and recovery capabilities before the next crisis.</p>	<ul style="list-style-type: none"> • Reliability Assessment • Event Analysis • Event Forensics 	<ul style="list-style-type: none"> • Technical Committee Recommendations • Reliability Guidelines • Lessons Learned • Event Analysis, Investigations • Audit Recommendations • Reliability Assessments • State of Reliability Report