

Agenda

Board of Trustees Meeting

June 11, 2021 | 2:00-2:30 p.m. Eastern
Virtual Meeting via WebEx

Attendee Webex: [Join meeting](#)

Call to Order and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

1. **Project 2019-06 Cold Weather* - Adopt**
2. **Other Business/Adjournment**

*Background documents 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.

Project 2019-06 Cold Weather

Action

Adopt the following standards documents and authorize staff to file with applicable regulatory authorities:

- Reliability Standard EOP-011-2 – Emergency Preparedness and Operations
[\[EOP-011-2 Standard\]](#) [\[Redline to approved\]](#)
- Reliability Standard IRO-010-4 – Reliability Coordinator Data Specification and Collection
[\[IRO-010-4 Standard\]](#) [\[Redline to approved\]](#)
- Reliability Standard TOP-003-5 – Operational Reliability Data
[\[TOP-003-5 Standard\]](#) [\[Redline to approved\]](#)
- Implementation Plan
[\[Implementation Plan\]](#)
- Violation Risk Factors and Violation Severity Levels
[\[Violation Risk Factors \(VRFs\) and Violation Severity Levels \(VSLs\) Justification for EOP-011-2, IRO-010-4, and TOP-003-5\]](#)
- Retirements
[\[EOP-011-1 – Emergency Operations\]](#)
[\[IRO-010-3 – Reliability Coordinator Data Specification and Collection\]](#)
[\[TOP-003-4 – Operational Reliability Data\]](#)

Background

The purpose of Project 2019-06 Cold Weather is to enhance the reliability of the Bulk Electric System (BES) during cold weather events by ensuring entities are prepared for cold weather conditions. This project was initiated in October 2019 to address Recommendation 1 of the July 2019 Federal Energy Regulatory Commission (“FERC”) and NERC staff report titled *The South Central United States Cold Weather Bulk Electric System Event of January 17, 2018* ([Report](#)).

In this report, FERC and NERC staff found that the primary cause of the January 17, 2018 event was a failure to properly prepare or “winterize” generation facilities for cold temperatures. The report recommended a multi-pronged approach, including new or revised Reliability Standards, enhanced outreach to Generator Owners (GO) and Generator Operators (GOP), and market rules where appropriate, to address reliability needs in cold weather conditions consistent with the findings in the report. These reliability needs include: (i) the need for generators to prepare their units for cold weather and to conduct training on those measures; (ii) the need for generators to ensure accuracy of their cold weather operating parameters and to share the information with the relevant reliability entities; and (iii) the need for those reliability entities to be aware of specific generating unit limitations for use in their operations planning activities and contingency reserves determinations.

Summary

To address the Recommendation 1 from the FERC/NERC Staff Report, the Project 2019-06 Cold Weather standard drafting team (SDT) revised three Reliability Standards.

The standard drafting team revised Reliability Standard EOP-011-1 to add new Requirements R7 and R8. Requirement 7 would require each GO to implement a cold weather plan in preparation for cold weather events, including identification of cold weather operating parameters such as temperature and fuel supply considerations. Requirement R8 would require training on the plan to the proper personnel.

Revisions to Reliability Standards IRO-010-3 and TOP-003-4 would require the Reliability Coordinator (IRO-010), Transmission Operator (TOP-003), and Balancing Authority (TOP-003) to include, in their data specifications, provisions for reporting the cold weather information identified by the GO in the cold weather preparedness plan under proposed EOP-011-2 Requirement R7. GO receiving such a data specification would then be required to satisfy it using a mutually agreeable process as provided in the existing IRO-010 and TOP-003 requirements.

Standards Development Process

The proposed Reliability Standards EOP-011-2, IRO-010-4, and TOP-003-5 were posted for an initial ballot and one additional ballot. The initial comment and ballot took place between January 27 to March 12, 2021.

On March 22, 2021, the NERC Board of Trustees, recognizing that “the continued reliability of the Bulk-Power System depends on the prompt development of Reliability Standards to address cold weather preparedness,” directed that development of the proposed Cold Weather Reliability Standards be completed by June 2021.¹ Subsequently, the NERC Standards Committee approved a resolution under Section 16 of the NERC Standard Processes Manual to shorten any additional formal comment periods to 25 days.²

The proposed Cold Weather Reliability Standards were posted for a second formal comment period and ballot from and April 2 to April 26, 2021. The final ballot took place from May 18 to May 27, 2021. The results will be presented at the June 11, 2021 Board of Trustees meeting.

The ballot results for the last additional ballot (i.e., prior to the final ballot) for each standard are below.

Standard	Quorum/Approval
EOP-011-2	87.74%/77.1%
IRO-010-4	86.58%/85.42%
TOP-003-5	86.26%/85.2%

¹ NERC Board of Trustees, March 22, 2021 Action without a Meeting Executed Resolution 2019-06 Cold Weather, <https://www.nerc.com/gov/bot/Pages/Agenda-Highlights-and-Minutes-.aspx>.

² NERC Standards Committee, April 1, 2021 Action without a Meeting, Standard Processes Manual Waiver Request Project 2019-06 Cold Weather, <https://www.nerc.com/comm/SC/Agenda%20Highlights%20and%20Minutes/SC%20Action%20without%20a%20Meeting%20-%20April%201,%202021.pdf>.

Minority Issues

Several commenters expressed concerns that some of the proposed revisions could present market concerns. The standard drafting team noted that the proposed standards apply equally to all applicable entities and do not violate the NERC Market Interface Principles.

Several commenters stated that the proposed requirement for generator training on cold weather preparedness plans belonged in the PER standards, not in proposed EOP-011-2. The standard drafting team and majority of commenters believed the placement of the training requirement in the EOP-011-2 standard, with the underlying requirement, was appropriate.

Pertinent FERC Directives:

None.

Cost Effectiveness

The standard drafting team sought stakeholder input on the cost effectiveness of the proposed standards during the formal comment periods. Some entities expressed lack of knowledge until they complete what is required of the updated Reliability Standards.

Additional Information

A link to the project history and files is included here for reference:

[\[Project 2019-06 Cold Weather\]](#)

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Project 2019-06 Cold Weather

Howard Gugel, Vice President of Engineering and Standards
Board of Trustees Meeting
June 11, 2021

RELIABILITY | RESILIENCE | SECURITY



- Background

- Address recommendations from the July 2019 Federal Energy Regulatory Commission (“FERC”) and NERC staff report, *The South Central United Stated Cold Weather Bulk Electric System Event of January 17, 2018*.

- Action

- Adopt and authorize staff to file:
 - EOP-011-2 Emergency Preparedness and Operations
 - IRO-010-4 Reliability Coordinator Data Specification and Collection
 - TOP-003-5 Operational Reliability Data

- **New Requirement R7**
 - Generator Owner (GO) implements and maintains cold weather preparedness plans for generating units, to include:
 - Identification of freeze protection measures
 - Annual inspection and maintenance of freeze protection measures
 - Identification of cold weather operating parameters
- **New Requirement R8**
 - GO and Generator Operator required to train personnel responsible for implementing cold weather preparedness plans

- Revisions to R1.2.6, R2.2.9
 - Consider reliability impacts of cold weather specifically in Transmission Operator and Balancing Authority emergency Operating Plans

- Entities must include provisions for notification of generator cold weather operating parameters in their data specifications
 - IRO-010-4 R1: Reliability Coordinator
 - TOP-003-5 R1: Transmission Operator
 - TOP-003-5 R2: Balancing Authority

Standard	Quorum/Approval
EOP-011-2	87.74%/77.1%
IRO-010-4	86.58%/85.42%
TOP-003-5	86.26%/85.2%

- Generator market concern
- Training requirement should be located in PER standards

- Continue efforts to support preparation for the 2021-2022 winter season
 - Potential Level 2 Alert
 - Winter Reliability Assessment
- Consider any further standards enhancements that are recommended by the FERC/ERO Enterprise joint inquiry team studying the February 2021 cold weather event



Questions and Answers