

## Agenda Board of Trustees

May 13, 2021 | 2:00-5:00 p.m. Eastern  
Virtual Meeting

**Attendee Webex Link:** [Join Meeting](#)

### Call to Order

### NERC Antitrust Compliance Guidelines\*

### Introduction and Chair's Remarks

### Consent Agenda – Approve

1. Minutes\*
  - a. February 4, 2021 Meeting
2. Committee Membership and Charter Amendments\*
  - a. Personnel Certification Governance Committee Membership

### Regular Agenda

3. Remarks and Reports
  - a. Remarks by Nick Akins, Chief Executive Officer, American Electric Power
  - b. Remarks by James Danly, Commissioner, FERC
  - c. Remarks by Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, DOE
  - d. Remarks by David Morton, CAMPUT Representative to NERC
  - e. President's Report
  - f. Report on the March 15, April 22, May 10 and May 12, 2021 Closed Meetings
4. Board Committee Reports
  - a. Corporate Governance and Human Resources
    - i. NERC Governance Guidelines Amendment – **Approve**
  - b. Compliance
  - c. Finance and Audit
    - i. 2020 Financial Statement Audit Results – **Accept**
    - ii. First Quarter Statement of Activities – **Accept**
    - iii. Line of Credit Renewal – **Approve**
  - d. Enterprise-wide Risk

- e. Technology and Security
- f. Nominating
- g. Report by Jim Piro on Standards and RSTC Quarterly Activities

**5. Standards Quarterly Report and Actions\***

- a. Project 2015-09 Establish and Communicate System Operating Limits – **Adopt**
- b. WECC Reliability Standards Development Procedure – **Approve**
- c. Critical Infrastructure Protection Board Resolution Updates – **Information**
- d. Cold Weather Standards Update – **Information**

**BREAK – 15 MINS**

**6. Other Matters and Reports**

- a. Policy Input and Member Representatives Committee Meeting – **Discussion**
- b. NERC Membership Roster\* – **Approve**
- c. Proposed Revisions to Section 1003 of the Rules of Procedure\* – **Approve**
- d. Proposed Rules of Procedure Revisions for Compliance Monitoring and Enforcement Program and Training and Education Program\* – **Approve**
- e. SERC Reliability Corporation Bylaws Amendments\* – **Approve**
- f. 2021 Summer Reliability Assessment Preview\* – **Review**
- g. 2021 State of Reliability Report Preview\* – **Review**
- h. 2021 ERO Enterprise Reliability Indicators\* – **Update**

**7. Committee Reports**

- a. Member Representatives Committee
- b. Personnel Certification Governance Committee\*
- c. Standards Committee\*
- d. Compliance and Certification Committee\*
- e. Reliability and Security Technical Committee\*
- f. Reliability Issues Steering Committee\*
- g. Electricity Subsector Coordinating Council

**8. Forum and Group Reports**

- a. North American Energy Standards Board
- b. North American Transmission Forum\*
- c. North American Generator Forum\*

**9. Other Matters and Adjournment**

\*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 Board of Trustees

February 4, 2021 | 2:00 – 5:00 p.m. Eastern  
WebEx

### Call to Order

Mr. Roy Thilly, Chair, called to order the duly noticed open meeting of the Board of Trustees (the “Board”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) on February 4, 2021, at 2:00 p.m. Eastern, and a quorum was declared present.

Present at the meeting were:

### Board Members

Roy Thilly, Chair  
Kenneth W. DeFontes, Jr. Chair-Elect and Vice Chair  
Jane Allen  
Robert G. Clarke  
George S. Hawkins  
Larry Irving  
Suzanne Keenan  
Susan Kelly  
Robin E. Manning  
Jim Piro  
James B. Robb, NERC President and Chief Executive Officer  
Colleen Sidford

### NERC Staff

Tina Buzzard, Assistant Corporate Secretary  
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC  
Howard Gugel, Vice President, Engineering and Standards  
Kelly Hanson, Senior Vice President, Chief Administrative Officer  
Stan Hoptroff, Vice President, Business Technology  
Mark Lauby, Senior Vice President and Chief Engineer  
Sonia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary  
Janet Sena, Senior Vice President, External Affairs  
Andy Sharp, Vice President and Chief Financial Officer  
Mechelle Thomas, Vice President, Compliance

### NERC Antitrust Compliance Guidelines

Ms. Buzzard noted the public nature of the meeting and directed the participants’ attention to the NERC Antitrust Compliance Guidelines included in the advance meeting materials. She stated that any additional questions regarding these guidelines should be directed to Ms. Mendonça.

**Introduction and Chair’s Remarks**

Mr. Thilly welcomed all of the attendees to the meeting, including new trustees Ms. Susan Kelly and Mr. Larry Irving; and the guests in attendance, Ms. Maria Pope, President and CEO, Portland General Electric and Chairman Richard Glick from the Federal Energy Regulatory Commission (“FERC”). He noted that Ms. Patricia Hoffman, from the Department of Energy, was unable to attend the meeting.

**Consent Agenda**

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

**Minutes**

The draft minutes for the December 10, 2020 and November 5, 2020 meeting were approved as presented to the Board at this meeting.

**Committee Membership and Charter Amendments**

**Reliability Issues Steering Committee Membership**

**RESOLVED**, that the Board hereby appoints the following individuals to the Reliability Issues Steering Committee (“RISC”) as follows:

<b>Name</b>	<b>Member</b>	<b>Company</b>	<b>Term Ending</b>
<b>Nelson Peeler</b> , Proposed Chair	At-Large	Duke Energy	January 31, 2023
Adrienne Collins	At-Large	Southern Company	January 31, 2023
David Robitaille	At-Large	IESO	January 31, 2023
JoAnn Thompson	At-Large	Otter Tail Power Company	January 31, 2023
John Stephens	At-Large	City Utilities of Springfield	January 31, 2023
Kip Morison	At-Large	BC Hydro	January 31, 2023
Robert Bradish	At-Large	AEP	January 31, 2023
Teresa Mogensen	At-Large	Xcel Energy	January 31, 2023
Tom Galloway	At-Large	NATF	January 31, 2023
Carol Chinn	MRC	FMPA	January 31, 2023
Edison Elizeh	MRC	BPA	January 31, 2023
Jason Marshall	MRC	WAPA	January 31, 2022 (completing the term for Jennifer Sterling)

<b>David Zwergel</b> , Reliability and Security Technical Committee Vice Chair	Standing Committee	January 31, 2022
<b>Amy Casuscelli</b> , Standards Committee Chair	Standing Committee	January 31, 2022
<b>Patti Metro</b> , Compliance & Certification Committee Member	Standing Committee	January 31, 2022

## Regular Agenda

### Remarks by Maria Pope, President and CEO, Portland General Electric

Mr. Robb introduced Ms. Pope of Portland General Electric. Ms. Pope presented on Portland General Electric and its response to wildfires. She noted that in 2020, 10.3 million acres of land burned across the western United States due to wildfires. Ms. Pope noted industry's significant investments of capital and human resources toward mitigating the impacts of wildfires throughout the western United States. She recognized the leadership of Ms. Melanie Frye, WECC's President and Chief Executive Officer, during 2020. Ms. Pope presented on lessons learned during the 2020 wildfires, including the importance of strategic partnerships and preparedness, highlighting that the ERO Enterprise should continue to be a leading voice on wildfire risk.

### Remarks by Richard Glick, Chairman, FERC

Mr. Thilly introduced Chairman Glick of FERC. Chairman Glick remarked on the continued cooperation between FERC, NERC, and the Regional Entities. He discussed the prioritization of cyber security matters, highlighting supply chain risks and NERC's Critical Infrastructure Protection Reliability Standards. Chairman Glick noted the importance of natural gas supply to electric reliability, calling for more robust cyber security protections for the natural gas pipeline system.

### President's Report

Mr. Robb thanked industry and NERC staff for their work amid social unrest, COVID-19, and weather events. He welcomed Ms. Kelly and Mr. Irving to the Board and acknowledged the transition from Mr. Thilly to Mr. DeFontes as Chair of the Board, thanking Mr. Thilly for his service. Mr. Robb acknowledged Ms. Jan Schori for her tenure on the Board and Ms. Jennifer Sterling, the outgoing Chair of the Member Representatives Committee (MRC). He highlighted the success of the January 2021 RISC Reliability Leadership Summit, with over 400 participants in attendance. Mr. Robb noted that the observations from the RISC Reliability Leadership Summit will inform the RISC's report, expected in August 2021, which will identify, assess, and help manage reliability priorities across the ERO Enterprise. He also highlighted the publication of NERC's 2020 Annual Report, which details pandemic activities, the Align project, and supply chain efforts.

Ms. Sara Patrick remarked on the ERO Enterprise's efforts to quickly coordinate in times of need, highlighting efforts in responding to civil unrest, promoting diversity and equality, prioritizing the health and safety of staff amid COVID-19, and addressing the recent supply chain compromise.

### Report on the January 19 and February 1, 2021 Closed Meetings

Mr. Thilly reported that on January 19, 2021 and February 1, 2021, before the open meeting, as is its custom, the Board met in closed session with NERC management to review NERC management activities. In these sessions, the Board discussed confidential matters, including performance management, compensation, and succession planning. The Board also discussed legal issues.

### Election and Appointment of Board Chair and Vice Chair, Board of Trustees Committee Assignments and NERC Officers

Mr. Thilly presented the recommendations for Board officers, NERC officers, and committee assignments. He thanked Mr. Robb, Ms. Mendonça, and Ms. Buzzard for their work and support during his tenure as Board Chair. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board, upon recommendation of the Corporate Governance and Human Resources Committee (“CGHRC”), hereby elects the following officers of the Corporation for 2021:

- Kenneth W. DeFontes, Chair
- Robert G. Clarke, Vice Chair
- James B. Robb, President and Chief Executive Officer

**FURTHER RESOLVED**, that the Board, upon recommendation of the President and the CGHRC, hereby appoints the following individuals as officers of the Corporation for 2021:

- Sonia Mendonca, Senior Vice President, General Counsel, and Corporate Secretary
- Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
- Kelly Hanson, Senior Vice President and Chief Administrative Officer
- Mark G. Lauby, Senior Vice President and Chief Engineer
- Janet Sena, Senior Vice President, External Affairs
- Howard Gugel, Vice President, Engineering and Standards
- Stanley Hoptroff, Vice President, Business Technology
- Andy Sharp, Vice President and Chief Financial Officer
- Mechelle Thomas, Vice President, Compliance

**FURTHER RESOLVED**, that the Board, upon recommendation of the CGHRC, hereby approves the 2021 Board Committee Assignments, as presented to the Board at this meeting.

**Corporate Governance and Human Resources**

**Chair: George S. Hawkins**

Jane Allen  
Robert G. Clarke  
Colleen Sidford  
Roy Thilly

**Compliance Committee**

**Chair: Robin E. Manning**

Jane Allen  
George S. Hawkins  
Roy Thilly  
Susan Kelly

**Finance and Audit**

**Chair: Robert G. Clarke**

Suzanne Keenan  
Colleen Sidford  
Larry Irving  
Jim Piro  
Susan Kelly

**Enterprise-wide Risk**

**Chair: Colleen Sidford**

Robert G. Clarke  
Suzanne Keenan  
Robin E. Manning  
Larry Irving  
Jim Piro

**Technology and Security**

**Chair: Suzanne Keenan**

Robin E. Manning  
Jane Allen  
Susan Kelly  
Larry Irving

**Nominating Chair: Roy Thilly**

Robin E. Manning  
Larry Irving  
Suzanne Keenan  
Susan Kelly  
Jim Piro  
George Hawkins

### **MRC Members**

Paul Choudhury, Chair

Roy Jones, Vice Chair

### **Related Assignments**

- **ESCC Observer:** Kenneth W. DeFontes
- **MEC Liaison:** Suzanne Keenan
- **Standards/RSTC Liaison:** Jim Piro
- **International Liaison:** Colleen Sidford
- **New Member Mentors:** George S. Hawkins / Larry Irving / Robin E. Manning / Susan Kelly
- **Ex Officio all committees:** Kenneth W. DeFontes
- **Immediate Past Chair:** Roy Thilly

### **Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey**

Mr. DeFontes reported on the results of the recent Board of Trustees Self-Assessment and MRC Assessment of the Board of Trustees Effectiveness Survey.

### **Board Committee Reports**

#### **Corporate Governance and Human Resources**

Mr. Hawkins, Committee Chair, reported on the Committee's open meeting on February 3, 2021 and closed meetings on January 20, 2021 and February 1, 2021. At the open meeting, the Committee reviewed the annual conflict of interest and independence report and received a human resources and staffing update. At the closed meetings, the Committee addressed a number of compensation related items. Mr. Hawkins presented the proposed amendments to the Corporate Governance and Human Resources, Technology and Security, Finance and Audit, and Enterprise-wide Risk Committees mandates. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board, upon recommendation of the CGHRC, hereby approves the CGHRC Mandate, substantially in the form presented to the Board at this meeting, to replace the CGHRC Mandate approved by the Board on February 6, 2019.

**FURTHER RESOLVED**, that the Board, upon recommendation of the CGHRC, hereby approves the Technology and Security Committee ("TSC") Mandate, substantially in the form presented to the Board at this meeting, to replace the TSC Mandate approved by the Board on February 2, 2018.

**FURTHER RESOLVED**, that the Board, upon recommendation of the CGHRC, hereby approves the Finance and Audit Committee ("FAC") Mandate, substantially in the form presented to the Board at this meeting, to replace the FAC Mandate approved by the Board on August 10, 2017.

**FURTHER RESOLVED**, that the Board, upon recommendation of the CGHRC, hereby approves the Enterprise-wide Risk Committee ("EWRC") Mandate, substantially in the form presented to the Board at this meeting, to replace the EWRC Mandate approved by the Board on August 10, 2017.

Mr. Hawkins presented the Policy on Internal Audit and Corporate Risk Management. After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board, upon recommendation of the CGHRC, hereby approves the Policy on Internal Audit and Corporate Risk Management, substantially in the form presented to the Board at this meeting.

### **Compliance**

Mr. Manning, Committee Chair, thanked immediate past Committee Chair Ms. Jan Schori for her work on the Committee. He reported on the Committee's executive meetings on December 17, 2020 and February 2, 2021; and an open meeting on February 3, 2021. At the December 17, 2020 executive meeting, the Committee approved three Full Notices of Penalty. At the February 2, 2021 executive meeting, the Committee approved one Full Notice of Penalty and discussed the draft 2021 Committee Work Plan. At the February 3, 2021 open meeting, the Committee received an update on the Compliance Monitoring and Enforcement Program Annual Report and reviewed the Compliance Committee mandate.

### **Finance and Audit**

Mr. Clarke, Committee Chair, reported on the February 2, 2021 closed meeting and February 3, 2021 open meeting. At the closed meeting, the Committee received an update on the 2020 and 2021 Audit and Work Plan and approved the Internal Audit Charter. At the open meeting, the Committee reviewed and recommended the 2020 Year-End Unaudited Statement of Activities for Board approval. After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board, upon recommendation of the FAC, hereby accepts the 2020 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Statement of Activities, as presented to the Board at this meeting.

### **Enterprise-wide Risk**

Ms. Sidford, Committee Chair, reported on the Committee's closed meeting on February 2, 2021. At its meeting, the Committee received an update on: (i) Compliance and Certification Committee ("CCC") activities; (ii) Regional Entity activities; and (iii) NERC Corporate Risk Management activities.

### **Technology and Security**

Ms. Keenan, Committee Chair, reported on the Committee's open meeting February 3, 2021. At the meeting, the Committee received an update on: (i) E-ISAC operations; (ii) the ERO Enterprise Align Project; (iii) the ERO Enterprise Business Technology Projects; (iv) the ERO Enterprise Secure Evidence Locker; and (v) the recent supply chain compromise.

### **Nominating**

Mr. DeFontes, immediate past Committee Chair, expressed his thanks to the Committee and welcomed Ms. Kelly and Mr. Irving as the new Trustees.

### **Report by Rob Manning on Standards Quarterly Activities**

Mr. Manning reported on the recent Standards Committee meeting, including the authorization to post modifications to Reliability Standards: (i) in connection with the cold weather Reliability Standard development project and; (ii) to address virtualization technology.

Mr. Piro, Standards Committee/Reliability and Security Technical Committee (RSTC) Liaison, highlighted the Board's priorities for the Standards Committee related to cold weather Reliability Standards, distributed energy resources, and revising CIP-002.

### **Standards Quarterly Report and Actions**

### **Project 2018-03 Standards Efficiency Review Retirements**

Mr. Gugel presented the Project 2018-03 Standards Efficiency Review Retirements, referencing the material included in the advance agenda package. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed Reliability Standard FAC-008-5, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the proposed retirement of Reliability Standard FAC-008-3, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

### **Withdrawal of Proposed Reliability Standard CIP-002-6**

Mr. Gugel presented the withdrawal of proposed Reliability Standard CIP-002-6, referencing the material included in the advance agenda package. Upon motion duly made and seconded, the Board approved the following resolutions:

**WHEREAS**, the Board adopted proposed Reliability Standard CIP-002-6 on May 14, 2020, in which a new criterion was proposed to address the applicability of the CIP Reliability Standards to Control Centers owned by Transmission Owners performing the functional obligations of a Transmission Operator;

**WHEREAS**, recent cybersecurity events and the evolving threat landscape warrant additional caution regarding any criteria that may permit more entities to categorize BES Cyber System as low impact and therefore subject to fewer requirements in the CIP Reliability Standards;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby withdraws the proposed Reliability Standard CIP-002-6, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

**FURTHER RESOLVED**, that NERC Staff, working with stakeholders, is directed to promptly conduct further study of the need to readdress the applicability of the CIP Reliability Standards to such Control Centers to safeguard reliability, for the purpose of recommending further action to the Board.

**FURTHER RESOLVED**, that NERC Staff, working with stakeholders, recognizing the complexity of the undertaking, is directed to expeditiously complete its broader review and analysis of degrees of risk presented by various facilities that meet the criteria that define low impact cyber facilities and report on whether those criteria should be modified.

**FURTHER RESOLVED**, that NERC Staff is directed to report to the Board on the status of this work on a quarterly basis until complete.

#### **SERC Regional Reliability Standards Development Procedure**

Mr. Gugel presented the SERC Regional Reliability Standards Development Procedure, referencing the material included in the advance agenda package. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby approves the SERC Regional Reliability Standards Development Procedure, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

#### **Supply Chain Activities**

Mr. Gugel provided an update on supply chain activities, referencing the material provided in the advance agenda package. He highlighted (i) current supply chain activities; (ii) outreach through NERC Compliance Assurance and the Compliance and Certification Committee's Supply Chain Task Force; (iii) initiation of the supply chain pilot project; (iv) the supply chain working group's efforts; (v) evaluation of Reliability Standards for effectiveness and gaps; and (vi) status of the low impact study.

#### **Other Matters and Reports**

##### **Policy Input and Member Representatives Committee Meeting**

Mr. DeFontes referred to the discussion of policy input items and technical updates at the MRC meeting.

##### **Framework to Address Known and Emerging Reliability and Security Risks**

Mr. Lauby presented on the Framework to Address Known and Emerging Reliability and Security Risks, referencing the material included in the advance agenda package. He highlighted that the document was reviewed by the RSTC and the RISC, and identifies the policies, procedures, and programs developed by the ERO to support its mission and incorporates them into an iterative six-step risk management framework. After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby accepts the Framework to Address Known and Emerging Reliability and Security Risks, substantially in the form presented to the Board at this meeting.

##### **Texas RE Bylaws Amendments**

Ms. Mendonça summarized the proposed amendments to the to the Texas Regional Entity Bylaws, referencing the material included in the advance agenda package. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby approves the proposed amendments to the Bylaws of Texas Reliability Entity, substantially in the form presented to the Board at this meeting.

**FURTHER RESOLVED**, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

### **2020 Year-End Review and 2021 ERO Enterprise Reliability Indicators**

Mr. Gugel provided the 2020 Year-End ERO Enterprise reliability indicator update. He noted the primer, which describes each reliability indicator and key input of data to derive the results. Mr. Gugel reviewed the proposed 2021 ERO Enterprise reliability indicators.

### **Committee Reports**

Representatives of the Standing Committees provided reports to the Board highlighting items from their written reports, which had been included with the advance meeting materials.

### **Member Representatives Committee**

Mr. Paul Choudhury, Committee Chair, summarized the topics that had been discussed at the February 4, 2021 MRC meeting, highlighting the election of Ms. Kelly and Mr. Irving to the Board.

### **Personnel Certification Governance Committee**

Mr. Cory Danson, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. He highlighted the development of the joint PCGC and Credential Maintenance Working Group Task Force.

### **Standards Committee**

Ms. Amy Casuscelli, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. She thanked Mr. Manning for his engagement with the Committee and welcomed Mr. Piro in his new role as Standards Committee/RSTC liaison. Ms. Casuscelli presented the Committee's 2021 Work Plan to the Board. Upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby approves the Standards Committee 2021-2023 Strategic Work Plan, substantially in the form presented to the Board at this meeting.

### **Compliance and Certification Committee**

Ms. Jennifer Flandermeyer, Committee Chair, referred to the written report included in the advance agenda package, highlighting recent Committee activities. She presented the Committee 2021 Work Plan. Upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby approves the CCC 2021 Work Plan, substantially in the form presented to the Board at this meeting.

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

Mr. Greg Ford, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. He highlighted the approval of revised scope documents for seven existing subgroups.

### **Reliability Issues Steering Committee**

Mr. Nelson Peeler, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. He highlighted the success of the January 2021 RISC Reliability Leadership Summit.

### **Electricity Subsector Coordinating Council**

Mr. Robb reported on recent Electricity Subsector Coordinating Council activities, including a discussion with the Centers for Disease Control and Prevention around prioritization of utility workers for COVID-19 vaccine distribution.

## **Forum and Group Reports**

### **North American Energy Standards Board**

Mr. Michael Desselle, Chair of the NAESB Board of Directors, discussed NAESB's work pertaining to battery storage and continued collaboration with NERC in the development of business practices and Reliability Standards.

### **North American Transmission Forum**

Mr. Tom Galloway, Forum President and Chief Executive Officer, referenced the written report and highlighted certain items, including the Forum's response to COVID-19 challenges, work pertaining to Facility Ratings, and supply chain efforts.

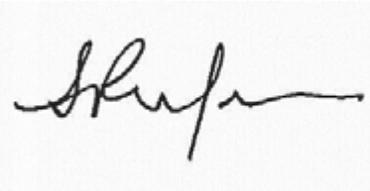
### **North American Generator Forum**

Mr. Allen D. Schriver, Forum Chief Operating Officer, referenced the written report included in the advance agenda package. He discussed the NAGF's work pertaining to Supply Chain matters and battery storage.

### **Adjournment**

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sonia Mendonca  
Corporate Secretary

## **Personnel Certification Governance Committee**

### **Action**

Approve

### **Summary**

Personnel Certification Governance Committee (PCGC) presents to the Board of Trustees the following membership updates for their approval.

Membership changes:

- New member approval – Michael Sandidge, PG&E
  - Filling the opening that was created in the PCGC membership when David Carlson resigned December 2020.

## **Project 2015-09 Establish and Communicate System Operating Limits**

### **Action**

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

- **Reliability Standard - FAC-011-4 - System Operating Limits Methodology for the Operations Horizon**  
[\[FAC-011-4 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - FAC-014-3 - Establish and Communicate System Operating Limit**  
[\[FAC-014-3 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - IRO-008-3 – Reliability Coordinator Operational Analyses and Real-time Assessments**  
[\[IRO-008-3 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - TOP-001-6 – Transmission Operations**  
[\[TOP-001-6 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - FAC-003-5 – Transmission Vegetation Management**  
[\[FAC-003-5 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - PRC-002-3 – Disturbance Monitoring and Reporting Requirements**  
[\[PRC-002-3 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - PRC-023-5 – Transmission Relay Loadability**  
[\[PRC-023-5 Standard\]](#) [\[Redline to approved\]](#)
- **Reliability Standard - PRC-026-2 – Relay Performance During Stable Power Swings**  
[\[PRC-026-2 Standard\]](#) [\[Redline to approved\]](#)
- **Revised Definition**  
[\[System Operating Limit\]](#)
- **New Definition**  
[\[System Voltage Limit\]](#)
- **Implementation Plan**  
[\[Implementation Plan\]](#)
- **Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs)**  
[\[FAC-011-4 VRF/VSL Justification\]](#)  
[\[FAC-014-3 VRF/VSL Justification\]](#)  
[\[IRO-008-3 VRF/VSL Justification\]](#)  
[\[TOP-001-6 VRF/VSL Justification\]](#)
- **Retirements**  
[\[FAC-003-4-- Transmission Vegetation Management\]](#)  
[\[FAC-010-3 - System Operating Limits Methodology for the Planning Horizon\]](#)

[\[FAC-011-3 - System Operating Limits Methodology for the Operations Horizon\]](#)

[\[FAC-014-2 - Establish and Communicate System Operating Limit Standard\]](#)

[\[PRC-002-2 - Disturbance Monitoring and Reporting Requirements\]](#)

[\[PRC-023-4 -Transmission Relay Loadability\]](#)

[\[PRC-026-1 - Relay Performance During Stable Power Swings\]](#)

[\[IRO-008-2 - Reliability Coordinator Operational Analyses and Real-time Assessments\]](#)

[\[TOP-001-5 - Transmission Operations\]](#)

## **Background**

The purpose of Project 2015-09 is to revise the requirements for determining and communicating System Operating Limits (SOLs) to address the issues identified in [Project 2015-03 Periodic Review of System Operating Limit Standards](#). SOLs are used in Bulk Electric System operations for monitoring and assessing pre-Contingency and post-Contingency operating states. They include all Facility Ratings, System Voltage Limits, and stability limits, applicable to specified System configurations. The development of SOLs ensure that: (1) Facility Ratings, voltage limits, transient stability criteria, and voltage Stability criteria are known and (2) all are observed in assessments of both the pre-Contingency and post-Contingency state when performing Operational Planning Analyses (OPAs), Real-time Assessments (RTA), and Real-time monitoring. The revised standards and definitions will benefit reliability by improving alignment with approved Transmission Planning (TPL) and proposed Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) standards.

## **Summary**

To address the FERC directive in Order No. 777 and issues identified in Project [2015-03](#), the SDT revised FAC-011, FAC-014, IRO-008 and TOP-001 and made conforming changes to FAC-003, PRC-002, PRC-023, and PRC-026.

The SDT revised FAC-011 to: (1) focus on more severe stability impacts; (2) identify a Contingency list for determining stability limits and a Contingency list for use in Operational Planning Analysis (OPA) and Real-time Assessments (RTAs); and (3) establish the performance framework to determine SOL exceedances. The significant revisions in proposed FAC-011-4 are as follows:

- Requirement R3 Parts 3.5, 3.6 and 3.7 combined into one Part 3.5;
- Requirement R4 Part 4.2 revised to focus only on the more severe stability impacts on the BES;
- New Requirement R5 developed to allow for different Contingency lists to determine stability and steady state system impacts for use in performing OPAs and RTAs;
- New Requirement R6 develop to describe the performance framework to determine SOL exceedances; and
- New Requirement R7 developed to require the SOL Methodology to include risk-based methods for use by the Reliability Coordinator and Transmission Operators to determine how SOL exceedances must be communicated and its associated timeframe.

Revisions to FAC-014 outline the communication of SOLs and their determination based on an established methodology. As a result, the purpose statement for FAC-014 was revised to include that Planning Assessment criteria be coordinated with System Operating Limit methodologies. The SDT integrated

Requirements from the not pursued FAC-015 as Requirements R6 and R7 in FAC-014. The significant revisions in proposed FAC-014-3 are as follows:

- Requirement R5 Parts 5.1 and 5.2 revised to add Transmission Planners as recipients of SOL data from the Reliability Coordinator;
- Requirement R6 revised to require Planning Coordinators and Transmission Planners to implement a documented process to use Facility Ratings, steady-state voltage limits and Stability criteria in its near-term planning assessment that are at least as conservative as those used in its RC's SOL methodology;
- New Requirement R7 developed to require Planning Coordinators and Transmission Planners to annually communicate to impacted Reliability Coordinators and Transmission Operators the Corrective Action Plans developed to address any instability identified in its Planning Assessment of the Near-Term TPL Horizon; and
- New Requirement R8 developed to annually communicate to Transmission Owners and Generator Owners list of their Facilities that comprise the planning event Contingency (ies) that would cause instability, Cascading or uncontrolled separation that adversely impacts the reliability of the BES as identified in its Planning Assessment of the Near-Term TPL Horizon.

Conforming changes were made to TOP-001 and IRO-008 for consistency with the framework for determining SOL exceedances resulting in new requirements TOP-001-6 Requirement 25 and IRO-008-3 Requirement R7.

The System Operating Limit definition was revised to improve clarity, reduce redundancy, and create better alignment and continuity with the currently effective TOP and IRO standards. Due to changes in the TOP and IRO Reliability Standards that became effective on April 1, 2017, this SOL construct described by the currently effective definition of SOL and the manner in which it is used in the FAC Reliability Standards is not reflective of the construct encapsulated in the operational requirements in place today. The new TOP and IRO standards represent a new construct for managing reliability for the pre- and post-Contingency state. The SDT's intent was to simplify and clarify the SOL definition by eliminating ambiguities such that SOLs are easily identifiable and easily measurable. The currently-effective SOL definition states that SOLs "are based upon certain operating criteria." The modified definition eliminates the phrase "are based upon" to more accurately state that the SOLs "are" the actual operating parameters which are to be observed for the pre- and post-Contingency states, leaving no confusion as whether a Facility Rating, stability limit, or voltage limit is an SOL. The unambiguous language in the modified definition should help facilitate a more consistent application of the SOL concept within the electric industry.

The proposed System Voltage Limit definition was developed to address confusion within industry as to what constitutes a system voltage limit. The intent is for the Reliability Coordinator's SOL Methodology to dictate the manner in which System Voltage Limits should be established. The proposed definition allows Reliability Coordinators to have such flexibility, provided the Requirements in proposed FAC-011-5 are met.

### **Standards Development Process**

The proposed Reliability Standards FAC-011-4 and FAC-014-3 were posted for an initial ballot and two additional ballots. Proposed Reliability Standards FAC-003-5, PRC-002-3, PRC-023-5, and PRC-026-2 were posted for an initial ballot and one additional ballot. Proposed Reliability Standard FAC-014-3 was posted for one initial ballot and four additional ballots. Proposed Reliability Standards IRO-008-3 and TOP-001-6

were posted for an initial ballot. The comment periods and ballots took place between September 29, 2017 and April 5, 2021. The final ballot took place from April 19 to April 28, 2021. The results will be presented at the May 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.

	Initial Ballot	Additional Ballot	Additional Ballot	Additional Ballot	Additional Ballot
Standard	Quorum / Approval 2017	Quorum / Approval 2018	Quorum / Approval 2020	Quorum / Approval 2020	Quorum / Approval 2021
FAC-003-5		84.35% / 67.46	84.23% / 90.87%		
FAC-011-4	87.01%/ 58.12%	83.77% / 53.22%	84.21% / 75.58%	-	
FAC-014-3	86.9% / 63.17%	82.43% / 59.02%	83.44% / 67.21%	82.82% / 66.61%	80.67%/92.35%
PRC-002-3	-	84.35% / 75.07%	84.48% / 91.31%	-	
PRC-023-5	-	83.86% / 69.27%	83.73% / 90.75%	-	
PRC-026-2	-	83.39% / 71.98%	84.23% / 91.45%	-	
TOP-001-6	-	-	93.20% / 84.49%	-	
IRO-008-3	-	-	93.13% / 84.21%	-	
Implementation Plan	85.57%/76.4%	80.98%/69.93%	82.41%/89.79%		
Definition System Operating Limit	-	83.55%/82.26%	-	-	
Definition System Voltage Limit	85.85%/68.59%	-	-	-	

### Minority Issues

Some stakeholders asserted that proposed FAC-014-3 Requirements R6, R7 and R8 are duplicative with certain requirements in the IRO-017, TPL-001 and MOD-032 Reliability Standards. The SDT maintains that the concept of coordinating and communicating information between planning and operations for the purpose of establishing and communicating SOLs is appropriately placed in the FAC-014 Reliability Standard.

### Pertinent FERC Directives

This project addresses the following directive from FERC Order No. 777 paragraph 6:

[W]e...direct NERC to develop a means to assure that IROLs are communicated to transmission owners.

### **Cost Effectiveness**

The standard drafting team sought stakeholder input on the cost effectiveness of the proposed standards during the formal comment period. The majority of stakeholders indicated that the proposed standard provide entities the ability to meet the reliability objectives in a cost effective manner. However some stakeholders believe that proposed revision will require additional resources for stability studies and compliance documentation such that it will add cost to their businesses.

### **Additional Information**

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

[\[Project 2015-09 Establish and Communicate System Operating Limits\]](#)

## WECC Reliability Standards Development Procedures

### Action

Approve the revised WECC Reliability Standards Development Procedures (RSDP) and authorize NERC staff to file with the applicable regulatory authorities.

- WECC Reliability Standards Development Procedures  
[\[WECC Reliability Standards Development Procedures-Clean\]](#)  
[\[WECC Reliability Standards Development Procedures -Redline\]](#)

### Background

On December 9, 2020, the WECC Board of Directors approved the revised WECC RSDP. WECC revised its Reliability Standards Development Procedures (RSDP) to clarify terminology and to clarify and streamline certain process steps in the development of standards.

### Summary

A section-by-section summary of the specific changes is below:

- **Introduction**
  - Footnote 1 was added to adopt a definition for Regional Entity.
- **Definitions**
  - A definition for Affirmative Fraction Majority is proposed.
  - The definition for Regional Reliability Standard was modified to include Regional Variances.
- **WECC Standards Committee (WSC)**
  - Verbiage was updated to match the WECC Standards Committee (“WSC”) Charter.
- **Step 2 Complete Standard Authorization Request (SAR) and Present to the WSC**
  - “the SAR” was added for clarity, paragraph 2.
  - Because a SAR can be refiled without prejudice, there is no need to preserve appellate rights up to the WECC Board of Directors. Therefore, the last sentence of the section was deleted.
- **Step 3 Convene a Drafting Team (DT)**
  - Substance of WSC guideline was adopted.
- **Step 4 Begin Drafting Phase and Submit Draft to WSC**
  - Syntax was changed for clarity.
  - A change was added allowing flexibility in WECC Criteria (“CRT”) structure. This is done to differentiate the structure from that of a standard, particularly as NERC moves to extract guidance narrative from the body of its standards.

- **Step 5 Post for Comment**
  - Syntax was changed for clarity.
- **Step 6 Respond to Comments**
  - At “Treatment of Substantive Changes,” syntax was changed for clarity.
  - “Vote” was changed to “poll”.
  - At “Treatment of Non-substantive Changes,” staff is empowered to make non-substantive changes without convening a WSC meeting.
  - At “WECC Regional Criteria,” staff is empowered to make non-substantive changes without convening a WSC meeting.
- **Step 7 Submit Proposed Draft to the WSC with a Request for Ballot**
  - No change.
- **Step 8 Convene a Standards Briefing**
  - The notice period was shortened to seven days. Historically, Standards Briefings are low-profile with no controversy. Expedites administration.
- **Step 9 Form the Ballot Pool and Ballot the Standard**
  - Additional decision-making authority is provided to Director of Standards (“DOS”) and the WSC. The WSC is proficient to read a description and make the call without convening a Board meeting.
  - Clarification was added.
  - The notice period was shortened from 60 to 45 days to expedite administration.
  - The phrase “good cause” was deleted because it is ambiguous.
  - A new section “Treatment of Abstentions and Explanatory Narrative during Ballot” was added to incorporate the WSC guideline.
  - A large portion of this section was redrafted for clarity.
- **Step 10 Initiate the Appeals Process — If Needed**
  - WSC is permitted to approve forwarding a project immediately before providing it to the Board for approval.
- **Step 11 Obtain Board Approval**
  - Remand is directed to the WSC as opposed to the drafting team. The WSC can then decide the next steps.
- **Step 12 Submit for NERC and FERC Approval and Implementation**
  - This section can be deleted as superfluous to the WECC Delegation Agreement. It can be replaced by a simple sentence to that affect. If adopted, “Steps” will have to be renumbered.
- **Step 13 Retire a CRT**
  - Since the WSC is a procedural oversight body and not subject matter experts on reliability, review by a drafting team is preferred.

- The 14-day notice requirement can be eliminated if the above language is adopted. Notice will be provided via the DT announcements.
- **Step 14 Submit a Request for Interpretation**
  - Capitalization of Request for Interpretation.
  - Syntax changes were made for clarity.
- **Supporting Processes**
  - No change.
- **Maintenance of RRSs and CRTs**
  - Language was added for clarification.
  - The “how to” clause was removed.

As required by the Section 311 of the NERC Rules of Procedure, NERC Staff reviewed the revised WECC RSDP and concluded the document met all of the evaluation criteria. The WECC RSDP was posted on the NERC website for a 45-day public comment period from February 17 – April 2, 2021. There were four sets of supportive responses including [Comments](#) received from approximately four companies representing four of the Industry Segments.

#### **Additional Information**

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

[NERC- Regional Reliability Standards under Development](#)

## Critical Infrastructure Protection Board Resolution Updates

### Action

Information

### Background

The below information provides updates on activities in support of resolutions approved by the NERC Board of Trustees (Board) regarding Critical Infrastructure Protection (CIP) Reliability Standards.

### Supply Chain Low Impact Resolutions

In 2017, NERC developed new and revised CIP Reliability Standards to help mitigate cyber security risks associated with the supply chain for high and medium impact Bulk Electric System (BES) Cyber Systems. These standards collectively referred to as Supply Chain Standards, consist of Reliability Standards CIP-013-1, CIP-010-3, and CIP-005-6. Consistent with the risk-based framework of the NERC CIP Reliability Standards, the Supply Chain Standards are applicable to the highest-risk systems that have the greatest impact to the grid. When adopting the Supply Chain Standards in August 2017, the Board directed NERC to undertake further action on supply chain issues. Among other things, the Board directed NERC to study the nature and complexity of cyber security supply chain risks, including those associated with low impact assets not currently subject to the Supply Chain Standards and develop recommendations for follow-up actions that will best address identified risks.

To understand these risks better, NERC collected data from registered entities pursuant to a request for data or information under Section 1600 of the NERC Rules of Procedure. NERC staff's analysis of the data collected showed that, while an individual compromise to any one low impact BES Cyber Asset location would generally be a localized event, a coordinated cyberattack with control of multiple locations could result in an event that has an interconnection wide BES reliability impact. The vast majority of transmission station and substation low impact BES Cyber Assets are at locations that have at most only one line greater than 300 kV or two lines greater than 200 kV (but less than 300 kV). Similarly, the vast majority of generation resource low impact BES Cyber Assets are at locations that have less than 500 MW. As such, an individual compromise to any one of these locations (transmission substations or generation resources) would generally be a localized event. However, a coordinated cyberattack with control of multiple locations could result in an event that has an interconnection wide BES reliability impact.

Based on the analysis of the data request, NERC staff recommended to the Board at its February 6, 2020 meeting that Reliability Standard CIP-003-8 be modified to include policies for low impact BES Cyber Systems to: (1) detect known or suspected malicious communications for both inbound and outbound communications; (2) determine when active vendor remote access sessions are initiated; and (3) disable active vendor remote access when necessary. The Board approved a [resolution](#) at this meeting endorsing this action. Currently, the Project 2020-03 (Supply Chain Low Impact Revisions) standard drafting team is developing standards modifications to address this resolution.

## **CIP-002 Resolutions**

On May 14, 2020, the NERC Board adopted proposed Reliability Standard CIP-002-6. The proposed Reliability Standard CIP-002-6 addressed the recommendation from the Version 5 Transition Advisory Group to clarify the phrase “used to perform the functional obligations of the Transmission Operator (TOP)” in CIP-002-5.1a, Attachment 1, Criterion 2.12. Specifically, CIP-002-6 addressed the applicability of requirements to a Control Center owned by a Transmission Owner (TO) that performs the functional obligations of a TOP. The proposed criterion established an average MVA line loading based on voltage class for BES Transmission Lines operated between 100 and 499 kV. The aggregate weighted value of the BES Transmission Lines must exceed 6,000 to meet the minimum threshold established in Criterion 2.12. In meeting that threshold, associated BES Cyber Systems would be categorized as medium; those Control Centers that did not meet the threshold would have low impact BES Cyber Systems (if not already identified as high).

In light of recent cybersecurity events and the evolving threat landscape, the NERC Board took action at its February 4, 2021 to withdraw CIP-002-6. In doing so, the NERC Board approved the following resolutions:

***WHEREAS**, the Board adopted proposed Reliability Standard CIP-002-6 on May 14, 2020, in which a new criterion was proposed to address the applicability of the CIP Reliability Standards to Control Centers owned by Transmission Owners performing the functional obligations of a Transmission Operator;*

***WHEREAS**, recent cybersecurity events and the evolving threat landscape warrant additional caution regarding any criteria that may permit more entities to categorize BES Cyber System as low impact and therefore subject to fewer requirements in the CIP Reliability Standards;*

***NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby withdraws the proposed Reliability Standard CIP-002-6, as presented to the Board at this meeting.*

***FURTHER RESOLVED**, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.*

***FURTHER RESOLVED**, that NERC Staff, working with stakeholders, is directed to promptly conduct further study of the need to readdress the applicability of the CIP Reliability Standards to such Control Centers to safeguard reliability, for the purpose of recommending further action to the Board.*

***FURTHER RESOLVED**, that NERC Staff, working with stakeholders, recognizing the complexity of the undertaking, is directed to*

*expeditiously complete its broader review and analysis of degrees of risk presented by various facilities that meet the criteria that define low impact cyber facilities and report on whether those criteria should be modified.*

***FURTHER RESOLVED***, that NERC Staff is directed to report to the Board on the status of this work on a quarterly basis until complete.

NERC staff will report on actions taken in response to the resolutions.

## Cold Weather Standards Update

### Action

Information

### Background

In October 2019, NERC initiated a standard development project to address the recommendations from the July 2019 NERC and Federal Energy Regulatory Commission (“FERC”) staff report on the January 2018 cold weather event in the South Central United States.<sup>1</sup> The report found, among other things, that the January 2018 cold weather event was caused by failure to properly prepare or “winterize” generation facilities for cold temperatures.<sup>2</sup> The report recommended a three-pronged approach to enhance preparedness for cold weather conditions, including the development or revision of NERC Reliability Standards, enhanced outreach to Generator Owners/Operators, and market rules where appropriate.<sup>3</sup>

The [Project 2019-06 Cold Weather](#) standard drafting team is currently drafting revisions to three Reliability Standards to improve generator preparedness for cold weather and to enhance situational awareness in cold weather conditions, consistent with the recommendations from the July 2019 FERC/NERC Staff Report. The three Reliability Standards under revision are:

- EOP-011-2 (Emergency Operations) (proposed to be renamed Emergency Preparedness)
- IRO-010-4 (Reliability Coordinator Data Specification and Analysis)
- TOP-003-5 (Operational Reliability Data)a

On March 22, 2021, the NERC Board of Trustees took action to direct that the development of Reliability Standards under Project 2019-06 Cold Weather be completed by no later than June 2021.<sup>4</sup> In response, the Standards Committee authorized a waiver of Section 4.12 of the Standard Processes Manual (SPM) for Project 2019-06 Cold Weather, to reduce the length of the additional formal comment and ballot period(s) from 45 days to as few as 25 days, with ballot(s) conducted during the last 10 days of the comment period.<sup>5</sup>

NERC staff will provide an update on the standards development.

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<sup>1</sup> FERC/NERC Staff Report, *The South Central United States Cold Weather Bulk Electric System Event of January 17, 2018*, <https://www.ferc.gov/sites/default/files/2020-04/07-18-19-ferc-nerc-report.pdf> (July 2019) (hereinafter “July 2019 FERC/NERC Staff Report”).

<sup>2</sup> July 2019 FERC/NERC Staff Report at 80.

<sup>3</sup> *Id.* at 86.

<sup>4</sup> March 22, 2021 Written Consent of the Board of Trustees of the Electric Reliability Corporation Regarding Project 2019-06 Cold Weather, [https://www.nerc.com/gov/bot/Agenda\\_highlights\\_and\\_Minutes\\_2013/AWOM\\_Memo\\_2019-06\\_Cold\\_Weather\\_Deadline\\_Executed.pdf](https://www.nerc.com/gov/bot/Agenda_highlights_and_Minutes_2013/AWOM_Memo_2019-06_Cold_Weather_Deadline_Executed.pdf)

<sup>5</sup> NERC Standards Committee, April 1, 2021 Action without a Meeting, [https://www.nerc.com/comm/SC/Agenda\\_Highlights\\_and\\_Minutes/SC\\_Action\\_without\\_a\\_Meeting\\_-\\_April\\_1,\\_2021.pdf](https://www.nerc.com/comm/SC/Agenda_Highlights_and_Minutes/SC_Action_without_a_Meeting_-_April_1,_2021.pdf)

## NERC Membership Roster

### Action

Establish the date by which all NERC members must submit their registration renewals, and authorize the plan submitted by NERC management for the renewal of NERC membership by all NERC members.

### Background

As provided in NERC's Bylaws, membership in NERC is voluntary and is open to any person or entity that has an interest in the reliable operation of the North American bulk power system. Membership in NERC allows an entity or individual to participate in NERC's governance. Specifically, the NERC members elect the sector representatives on the Member Representatives Committee (MRC). The MRC elects the Chair and Vice-Chair of the MRC, elects the independent trustees on the NERC Board of Trustees (Board), votes jointly with the Board on amendments to the Corporation's Bylaws, and provides advice to the Board on the annual business plan, budget, and other matters.

On April 5, 2021, the Federal Energy Regulatory Commission (FERC) approved series of Bylaws revisions that were approved by Board in August 2020. Among other changes, the revised Bylaws modified the Sector membership definitions to ensure consistency with the intent of fair and balanced participation in NERC governance by stakeholders with a significant role in the reliability and security of the bulk power system. The revisions included:

- Specifying that, for **Sectors 1-9 and 12**, in addition to those entities meeting the stated criteria, not-for-profit associations that coordinate and help represent the interests of the members of the Sector may be members of the Sector, unless the majority of the Sector members object. Previously, consultants, vendors, agents, attorneys, and the like were permitted to join the Sector if they provided services to or otherwise represented the interests of the Sector. This language has been removed.
- Refining the criteria for **Sector 9, Small End-Use Electricity Customer** to help ensure the Sector better represents the particular interests of small end-users. Members of this Sector now include persons or entities such as associations, state consumer advocates, or other advocacy organizations that represent the collective interests of groups of electricity end users.
- The creation of a new **Sector 13, Associate** to accommodate candidates for membership that do not meet the definition of another Sector.

NERC management expects that a number of NERC members may now qualify for membership in the new Associate Sector as a result of the revisions.

Article II, Section 2 of the NERC Bylaws provides for periodic renewals of NERC membership registration. This process was last completed in early 2018. In light of the Bylaws revisions and the passage of time since the last renewal, NERC management proposes that the Board initiate the membership renewal process for the membership at large in 2021.

Article II, Section 2 of the NERC Bylaws provides:

From time to time, the Board shall establish a date by which members shall submit their registration renewals. All members shall be required to renew their registrations within thirty (30) calendar days of a request by the secretary of the Corporation, using a registration renewal form prescribed by the Board. The secretary of the Corporation shall remove from the roster of members of the Corporation any member that has not submitted a registration renewal within thirty (30) days following a date established by the Board. The secretary shall notify any member that is removed from the roster of members of such removal, by notice sent to such former member's last known address on the records of the Corporation.

### **NERC Membership Sectors**

Under the revised Bylaws, Members may register into one of the following 13 membership sectors:<sup>1</sup>

- (i) Investor-owned utility;
- (ii) State/Municipal utility;
- (iii) Cooperative utility;
- (iv) Federal or Provincial utility/Power marketing administration;
- (v) Transmission-dependent utility;
- (vi) Merchant electricity generator;
- (vii) Electricity marketer;
- (viii) Large end-use electricity customer;
- (ix) Small end-use electricity customer;
- (x) Independent system operator/Regional transmission organization;
- (xi) Regional entity;
- (xii) Government representatives; or
- (xiii) Associate.

A candidate for membership may elect to be assigned to any Sector so long as membership in that Sector is consistent with the candidate's business or other activities. A corporation and its affiliates are considered a single member and may register in only one Sector, which may be any single Sector for which the corporation or any of its affiliates is eligible. For all Sectors except (x), (xi), and (xiii), a not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.

### **Proposed Registration Renewal Timeframe**

To implement the provisions set forth in the NERC Bylaws for membership registration renewals, NERC management proposes the following schedule:

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<sup>1</sup> Note that this restriction is in contrast to the Registered Ballot Body for standards development, where entities may register in each segment in which they qualify. The Registered Ballot Body segments are not affected by the Bylaws membership sector revisions. NERC membership is not required to participate or vote in the standards development process.

July 7, 2021	Corporate Secretary sends registration renewal request to current members
July 22, 2021	Reminder sent to current members
August 6, 2021	Deadline for submission of registration renewals
August 20, 2021	Board-established deadline, 30 days after which a member may be removed from the roster for non-renewal of its membership
September 10, 2021	Notice of possible removal from NERC Membership roster for failure to re-register
September 20, 2021	Date on which a member may be removed from the membership roster for non-renewal of membership

A sample letter to be sent to all NERC members is included as **Attachment 1** to this item.

Instructions for using NERC's online membership application form will be posted on the NERC website. NERC staff will conduct outreach and prepare materials to assist individuals in understanding the membership Sector changes.

NERC staff will send e-mails to each NERC member on or about July 7, 2021, requesting that each individual or entity verify their membership and/or update their registration information on file, as appropriate. The email will include the current information that NERC has on file for that entity or individual. If NERC has not received a response by October 8, 2021, the Corporate Secretary will notify the member that they have been removed from the NERC membership roster. NERC staff will also send reminders as indicated. An entity that has been removed may rejoin the membership roster at any time by completing the online application.

### **Conditions of NERC Membership**

The Bylaws establish two conditions for NERC membership.

1. A member must agree to accept the responsibility to promote, support, and comply with the purposes and policies of the Corporation as set forth in its Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards as from time to time adopted, approved, or amended.
2. As an additional condition of membership in the Corporation, each person or entity registering as a member shall be required to execute an agreement with the Corporation, in a form to be specified by the board, that such person or entity will hold all trustees, officers, employees, and agents of the Corporation, as well as volunteers participating in good faith in the activities of the Corporation, harmless, to the extent permitted by Federal or provincial laws, regulations and rules, for any injury or damage to that member caused by any act or omission of any trustee, officer, employee, agent, or volunteer in the course of performance of his or her duties on behalf of the Corporation, other than for acts of gross negligence, intentional misconduct, or a breach of confidentiality.

In renewing their membership, each Member must indicate agreement with the two conditions imposed for membership in NERC. No one will be able to complete the membership renewal without agreeing to those two conditions. The online membership application constitutes the written agreement required by the Bylaws.

[StartDate]

[EntityName]

[FullName]

[ProfessionalTitle]

[AddressLine1]

[AddressLine2]

[PostalBox]

[City]

[StateOrProvince]

[PostalCode]

[Country]

RE: NERC Membership Renewal

Dear [EntityName] NERC Membership primary contact:

The North American Electric Reliability Corporation (“NERC” or “Corporation”) is requesting that all NERC Members renew their NERC Membership registration. Pursuant to Article II, Section 2 of the NERC Bylaws:

*All members shall be required to renew their registrations within thirty (30) calendar days of a request by the secretary of the Corporation, using a registration renewal form prescribed by the Board. The secretary of the Corporation shall remove from the roster of members of the Corporation any member that has not submitted a registration renewal within thirty (30) days following a date established by the Board. The secretary shall notify any member that is removed from the roster of members of such removal, by notice sent to such former member’s last known address on the records of the Corporation.*

On April 5, 2021, the Federal Energy Regulatory Commission (“FERC”) approved series of Bylaws revisions related to the composition of the NERC membership sectors. ***These changes may affect your NERC membership Sector registration.***

The revisions to the NERC membership Sectors included:

- Refining the criteria for **Sector 9, Small End-Use Electricity Customer**, to help ensure the Sector better represents the particular interests of small end-users. Members of this Sector now include persons or entities such as associations, state consumer advocates, or other advocacy organizations that represent the collective interests of groups of electricity end users that take service below 50 kV or have an average aggregated service

load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility.

- Specifying that, for **Sectors 1-9** and **12**, in addition to those entities meeting the stated criteria, not-for-profit associations that coordinate and help represent the interests of the members of the Sector may be members of the Sector, unless the majority of the Sector members object.

*Previously, consultants, vendors, agents, attorneys, and the like were permitted to join the Sector if they provided services to or otherwise represented the interests of the Sector. This language has been removed.*

- The creation of a new Sector (xiii), Associate, to accommodate candidates for membership that do not meet the definition of another Sector.

I am requesting that you renew your NERC Membership by [EndDate]. I have included with this letter a description of the 13 membership Sectors. An individual or entity is permitted to register in any one Sector for which it is qualified. Pursuant to Article II, Section 4.b of the NERC Bylaws:

*A candidate for membership shall elect to be assigned to any Sector so long as membership in that Sector is consistent with the candidate's business or other activities. A corporation and its affiliates shall be considered a single member and may register in only one Sector, which may be any single Sector for which the corporation or any of its affiliates is eligible.*

The NERC Board of Trustees has set [EndDate] as the date by which all NERC Members must submit their registration renewals. Only individuals and entities that have renewed their memberships will be eligible to vote to elect members of the Member Representatives Committee ("MRC") in the annual election to be held at the end of the year.

### **Renewing Your Membership**

Please visit the ERO Portal (<https://eroportal.nerc.net>) to renew your NERC Membership and update your contact information, if necessary.

NERC currently has the following information in our database regarding EntityName:

**Sector:** [Sector]

**Entity Name:** [EntityName]

#### **Contact Information:**

[FullName]

[AddressLine1]

[AddressLine2]

[PostalBox]

[City]  
[StateOrProvince]  
[PostalCode]  
[Country]  
[EmailAddress]  
[PhoneNumber]

**Alternate Contact Information:**

[AltFullName]  
[AltAddressLine1]  
[AltAddressLine2]  
[AltPostalBox]  
[AltCity]  
[AltState]  
[AltPostalCode]  
[AltCountry]  
[AltEmailAddress]  
[AltPhoneNumber]

To renew your NERC Membership and to support your Sector designation, you must provide a statement describing your entity's business activities. Please also describe why your entity belongs in the Sector you so designate based on the Sector descriptions attached to this letter. The designation of ***no entity*** places you in the **Associate** Sector. Please note that NERC may contact you if it appears your statement is not consistent with the Sector description.

***Failure to respond will result in deletion of NERC Membership***, however you may choose to submit a new application through the ERO Portal (<https://eroportal.nerc.net>), at any time.

**Questions**

You may contact Sandy Shiflett at [Sandy.Shiflett@nerc.net](mailto:Sandy.Shiflett@nerc.net) or (404) 446-2575 if you have any further questions.

Sincerely,

Sonia Mendonça  
Corporate Secretary  
North American Electric Reliability Corporation  
1325 G Street N.W., Suite 600  
Washington, D.C. 20005

cc: [EmailAddress]  
[AltEmailAddress]

- 1. Investor-owned utility** — This Sector includes any investor-owned entity with a substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 2. State/municipal utility** — This Sector includes any entity owned by or subject to the governmental authority of a state or municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state or municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating, transmitting, or purchasing electricity for sale at wholesale to their members. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 3. Cooperative utility** — This Sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a Board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 4. Federal or provincial utility/Federal Power Marketing Administration** — This Sector includes any U.S. federal, Canadian provincial, or Mexican entity that owns and/or operates electric facilities in any of the asset categories of generation, transmission, or distribution; or that functions as a power marketer or power marketing administrator. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 5. Transmission-dependent utility** — This Sector includes any entity with a regulatory, contractual, or other legal obligation to serve wholesale aggregators or customers or end-use customers and that depends primarily on the transmission systems of third parties to provide this service. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 6. Merchant electricity generator** — This Sector includes any entity that owns or operates an electricity generating facility that is not included in an investor-owned utility's rate base

and that does not otherwise fall within any of sectors (1) through (5). This Sector includes but is not limited to cogenerators, small power producers, and all other nonutility electricity producers such as exempt wholesale generators who sell electricity at wholesale. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.

- 7. Electricity marketer** — This Sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in North America on a physical or financial basis. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 8. Large end-use electricity customer** — This Sector includes any entity in North America with at least one service delivery taken at 50 kV or higher (radial supply or facilities dedicated to serve customers) that is not purchased for resale; and any single end-use customer with an average aggregated service load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- 9. Small end-use electricity customer** — This Sector includes persons or entities such as associations, state consumer advocates, or other advocacy organizations that represent the collective interests of groups of electricity end users that take service below 50 kV or have an average aggregated service load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects. Any individual or entity providing products or services within the previous twelve (12) months related to Bulk Power System reliability to an entity eligible to join another Sector cannot join this Sector.
- 10. Independent system operator/regional transmission organization** — This Sector includes any entity authorized by the Federal Energy Regulatory Commission to function as an independent transmission system operator, a regional transmission organization, or a similar organization; comparable entities in Canada and Mexico; the Electric Reliability Council of Texas or its successor; and the Florida Reliability Coordinating Council, or its successor.
- 11. Regional Entity** — This Sector includes an entity having enforcement authority pursuant to 18 C.F.R. § 39.8.

- 12. Government representatives** — This Sector includes any federal, state, or provincial government department or agency in North America having a regulatory and/or policy interest in wholesale electricity. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects. Entities with regulatory oversight over NERC or any Regional Entity, including U.S., Canadian, and Mexican federal agencies and any provincial entity in Canada having statutory oversight over NERC or a Regional Entity with respect to the approval and/or enforcement of Reliability Standards, may be nonvoting members of the Member Representatives Committee.
- 13. Associate** — This Sector includes all members that do not qualify for one of the Sector membership categories set forth in subsections i. through xii. above. Associates shall have all rights and duties of members except for the right to nominate and elect Member Representatives Committee representatives. Associates shall be entitled to receive all public notices issued by the Corporation and may participate in any public meetings of the Corporation or its committees. At the request of any other Sector, an associate may serve as a representative of such Sector on the Member Representatives Committee and other committees with Sector representation, serve as a proxy for a Sector representative, and may coordinate and deliver such Sector's policy input to the Board. Associates also may serve as at-large members or their proxy on committees that include at-large members.

## **Proposed Revisions to Section 1003 of the Rules of Procedure**

### **Action**

Approve proposed revisions to Section 1003 of the Rules of Procedure (ROP) and direct staff to file the revised ROP with the applicable governmental authorities for approval.

Attachment A: [Redline of Section 1003](#)

Attachment B: [Clean Section 1003](#)

### **Background**

NERC is proposing revisions to section 1003 of its ROP in accordance with the directive in the Federal Energy Regulatory Commission's Order on Compliance Filings related to NERC's Five Year Performance Assessment. Section 1003 of the ROP describes NERC's infrastructure security program, including, among other things, its operation of the Electricity Information Sharing and Analysis Center (E-ISAC). Consistent with the Commission's directive, the proposed revision modifies Section 1003 to require NERC to share with the Commission any All Points Bulletins issued by the E-ISAC. NERC did not receive any comments on the proposed revisions.

## **Proposed Rules of Procedure Revisions for Compliance Monitoring and Enforcement Program and Training and Education Program**

### **Action**

Approve proposed revisions to:

- Compliance Monitoring and Enforcement Program (CMEP) procedures within Sections 400 and 1500, and Appendices 2 and 4C of the Rules of Procedure (ROP); and
- Personnel Certification Program within Section 600 of the ROP and Training and Education Program within Section 900 of the ROP.

Direct staff to file the revised ROP, in substantially the same form as presented, with the applicable governmental authorities for approval.

Revisions to CMEP Procedures:

[Redline to Sections 400 and 1500](#)

[Clean Sections 400 and 1500](#)

[Redline to Appendix 2](#)

[Clean Appendix 2](#)

[Redline to Appendix 4C](#)

[Clean Appendix 4C](#)

Revisions to Personnel Certification Program and Training and Education Program:

[Redline to Sections 600 and 900](#)

[Consideration of Comments](#)

### **Introduction**

NERC proposes revisions to the NERC ROP to modernize the ROP, reflect current business practices, and continue to enhance a risk-based approach to monitoring and enforcing compliance with the NERC Reliability Standards. The fundamental elements of mandatory Reliability Standards would not change, as registered entities would still be expected to comply with the Reliability Standards and mitigate their noncompliance when it occurs, and the ERO Enterprise and FERC would still have visibility of the Regional Entities' CMEP activities and identified noncompliance. What NERC proposes to modify are some of the rules that limit Regional Entities' risk-based discretion in allocating their compliance monitoring and enforcement resources and impose administrative burdens on the resolution of minimal risk noncompliance.

With these proposals, NERC intends to realize efficiencies for all parties involved in CMEP activities.

## **Revisions to Compliance Monitoring and Enforcement Program Procedures**

*Sections 400 and 1500 and Appendices 2 and 4C*

### **Summary**

#### **Section 400**

##### **NERC Compliance Monitoring and Enforcement Program**

NERC proposes to state that there is only one CMEP and that Regional Entities are responsible for executing the CMEP. NERC proposes to eliminate the concept of each Regional Entity having its own CMEP. Also, NERC proposes to eliminate references to Regional Entity CMEP Implementation Plans because there is a single ERO Enterprise CMEP Implementation Plan each year.

##### **Requirements for Public Posting of Noncompliance**

NERC proposes to state explicitly that rules regarding the public posting of noncompliance information remain subject to the disclosure regulations and requirements of the Applicable Governmental Authority.

##### **Documenting Differences in Execution of the CMEP and Application of Sanction Guidelines**

NERC proposes to eliminate the requirement to document in the Regional Delegation Agreement any differences in execution of the CMEP or application of the NERC Sanction Guidelines to assess penalties. Any such differences would still be justified and described on a case-by-case basis in the resolution of the noncompliance.

##### **Role of the Compliance Enforcement Authority**

NERC proposes to indicate that the CEA, which may be NERC or a Regional Entity, is responsible for monitoring compliance and determining penalties and sanctions for noncompliance with Reliability Standards. NERC proposes this change to simplify references to the CEA as opposed to NERC or a Regional Entity.

##### **Regional Entity Compliance with Reliability Standards**

NERC proposes to remove provisions regarding monitoring Regional Entity compliance with Reliability Standards, as there are no Reliability Standards applicable to the Regional Entities or to NERC.

##### **Conflicts with Market Rules**

NERC proposes to expand the rule regarding disclosure of potential conflicts with market rules to include any Reliability Standard, as opposed to only a Regional Reliability Standard.

##### **Regional Entity Expectations**

NERC proposes that the requirements for Regional Entity execution of the CMEP apply to anyone at a Regional Entity who may be involved in CMEP activities, instead of applying only to Regional Entity Compliance staff.

NERC proposes to reduce redundancy with Appendix 4C by: 1) indicating that each Regional Entity will implement risk-based compliance monitoring in accordance with Appendix 4C; and 2) removing references to schedules, reports, and noncompliance dispositions to be published by NERC and the Regional Entities.

## **Monitoring NERC's Compliance with the Rules of Procedure**

NERC proposes to revise the provisions regarding monitoring NERC's compliance with the ROP for the CMEP, Organization Registration and Certification Programs, and Standards development, to define more clearly the roles of the Compliance and Certification Committee, independent auditors, and the NERC Board of Trustees and its committees.

## **Section 1500**

NERC proposes to revise the definitions of Confidential Information to reflect the terms used by FERC in its regulations on the protection of Critical Electric Infrastructure Information and Critical Energy Infrastructure Information.

## **Appendix 2**

NERC proposes to revise several definitions to reflect current terminology and business practices, principally Alleged Violation, Confidential Information, NERC CMEP Implementation Plan, Notice of Preliminary Screen, Potential Noncompliance, Preliminary Screen, Self-Logging, and Staff/CMEP Staff.

## **Appendix 4C**

### **Registration Requirements**

NERC proposes to remove the registration-related provisions in Appendix 4C, as they are redundant with the requirements included in Section 500 and Appendix 5B. Appendix 4C begins with the presumption that organizations responsible for complying with Reliability Standards are Registered Entities.

## **Interaction with the Compliance Enforcement Authority**

NERC proposes to simplify terminology to indicate that registered entities interact and correspond with a single CEA, as opposed to NERC and the Regional Entity.

## **Implementation Plans**

NERC proposes to update the ROP to include a single CMEP Implementation Plan that includes ERO Enterprise-wide and Regional Entity-specific reliability risks. NERC no longer has separate NERC and Regional Entity CMEP Implementation Plans.

NERC proposes to change the initial posting of the annual Implementation Plan from September 1 to one posting "on or about November 1 of the calendar year preceding implementation." The earlier posting requirement for the NERC Implementation Plan was needed to allow time for development of the Regional Entity Implementation Plans.

## **Information Protection**

NERC proposes to state that when providing information to a CEA, registered entities are responsible for complying with the information protection requirements of Applicable Governmental Authorities, which would include FERC and Canadian regulatory authorities.

## **Compliance Audits**

NERC proposes to grant the CEA discretion as to when to conduct Compliance Audits and whether they will occur on the registered entity's site. The current ROP requires an audit every three years and with an on-site component for Reliability Coordinators (RCs), Balancing Authorities (BAs), and Transmission Operators (TOPs). This provision limits the CEA's discretion to decide how to monitor the RCs, BAs, and TOPs in its region.

There are wide arrays of entities registered for the BA and TOP functions across North America. Based on the different levels of risk associated with a diverse group of BAs and TOPs, there may not be a reliability justification for visiting a registered entity's location at least once every three years as part of a Compliance Audit. Experience shows that regular, on-site Compliance Audits will continue for the vast majority of RCs, BAs, and TOPs. Nevertheless, CEAs should be able to determine the frequency of on-site Compliance Audits for all registered entities, including RCs, BAs, and TOPs. If NERC or an Applicable Governmental Authority determines an RC, BA, or TOP has gone too long without an on-site Compliance Audit, they can direct the CEA to perform such a Compliance Audit.

NERC proposes no longer to require the posting of an Annual Audit Plan.<sup>1</sup> As suggested by several commenters, NERC proposes that CEAs would provide registered entities with at least 270 days' notice of an upcoming Compliance Audit. There would be no change to the notice provided to the registered entity 90 days before the commencement of the Compliance Audit. NERC does not propose to change the CEA's obligation to provide lists of planned audits and any changes to such planned audits to NERC, FERC, and other Applicable Governmental Authorities.

NERC proposes to clarify the shift from Compliance Audits examining all Reliability Standards to risk-based Compliance Audits.

NERC proposes to redefine the start and end dates of Compliance Audits. Specifically, NERC notes that the beginning date will be indicated in the notice of the Compliance Audit. The beginning date will no longer be tied to the end date of the prior Compliance Audit and will not be a date before the end date of the prior Compliance Audit. NERC also proposes to define the end date of the audit as the date of the notice. The end date will no longer be defined as "not a specified date prior to the scheduled start of the Compliance Audit."

NERC also proposes that the evidence retention period for such audits will no longer be for the entire period covered by the Compliance Audit. Rather, 1) the evidence retention period for activities performed at least once every three calendar years will be the lesser of "three years or the retention period described in Reliability Standards" and 2) for activities performed on a periodic basis of greater than three calendar years, the CEA may request evidence showing performance at the last required interval and evidence establishing the prior intervals of performance.

NERC proposes to eliminate the requirement to publicly post Compliance Audit reports. Instead, NERC proposes to replace this practice with a posting of Compliance Audit results that would include information such as: (A) registered entity name, (B) NCR information, (C) audit period covered, and (D) any potential noncompliance.

### **Self-Certifications**

NERC proposes to eliminate the posting of a Self-Certification schedule. Instead, Self-Certifications are part of a risk-based approach to compliance monitoring detailed in a registered entity's Compliance Oversight Plan. This also allows flexibility to initiate Self-

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<sup>1</sup> Defined as "a plan developed annually by the Compliance Enforcement Authority that includes the Reliability Standards and Registered Entities to be audited and the schedule of Compliance Audits for the calendar year."

Certifications as needed based on emerging identified risks. Registered entities would receive at least 60 days' notice of an upcoming Self-Certification.

### **Self-Logging Program**

NERC proposes to exempt self-logged items from the Preliminary Screen and subsequent reporting and disposition processes. Self-logged noncompliance would be subject to review by the CEA and, upon request, by NERC and FERC. Self-logged noncompliance would still be limited to minimal risk noncompliance, and the requirement to mitigate the noncompliance would remain. Self-logged noncompliance that poses more than a minimal risk or otherwise is not appropriate for such expedited treatment would be resolved through the CMEP's other disposition methods.

### **Anonymous Complaints**

NERC proposes to clarify that it may share the identity of an anonymous complainant with a Regional Entity as a CEA, but not other third parties.

NERC proposes to eliminate the requirement that the CEA notify the registered entity if it determines that the initiation of another CMEP process to address the complaint is not warranted.

### **Compliance Exception Program**

NERC proposes to refine the Compliance Exception Program by removing the requirement for the CEA to submit Compliance Exceptions to NERC for a 60-day review by NERC and FERC. Under the proposal, the CEA would identify minimal risk noncompliance appropriate for Compliance Exception treatment and designate the noncompliance as a Compliance Exception, thereby closing the noncompliance. NERC and FERC would have the opportunity to review the CEA's determinations (by sampling, periodically) to evaluate the noncompliance's minimal risk assessment and resolution as a Compliance Exception. The Compliance Exception would be considered closed unless it is later determined that: 1) there was a material misrepresentation of fact, or 2) the registered entity did not complete the specified mitigating activities. In such circumstances, the CEA would identify a new potential noncompliance for resolution through the CMEP's other disposition methods.

NERC proposes to clarify the treatment of Compliance Exceptions in a registered entity's compliance history. The revision would simplify the CEA's consideration of compliance history by looking at the registered entity's overall compliance history for the specific Standard and Requirement to determine whether the registered entity should continue to qualify for Compliance Exception treatment for noncompliance with the Standard and Requirement-- instead of having to consider each prior Compliance Exception individually, which had become the expectation in practice.

### **Preliminary Screen**

NERC proposes to extend the time to conduct a Preliminary Screen from 5 days to 10 days.

### **Settlement Agreements**

NERC proposes to allow the CEA to offer settlement for an Alleged Violation at any time even if the registered entity has not requested settlement negotiations. This would reflect the Expedited Settlement Agreements used by WECC and would eliminate a step in the process to resolve a potential noncompliance.

NERC proposes to eliminate the issuance of a letter with the final settlement terms, as settlement agreements and Notices of Penalty serve this purpose.

### **Mitigation Plans**

NERC proposes to require formal Mitigation Plans only at the request of the CEA. Otherwise, mitigating activities are the preferred method for remediating a potential noncompliance.

NERC proposes to increase the time, from 30 to 60 days each, for Regional Entity acceptance and NERC approval of a Mitigation Plan, and from 10 to 20 business days, for Regional Entity acceptance of a revised Mitigation Plan.

NERC proposes to eliminate the practice of provisional acceptance of Mitigation Plans, as the Regional Entities no longer use provisional acceptance.

NERC proposes to eliminate the requirement for public posting of Mitigation Plans for related Notices of Penalty, as dispositions of noncompliance include descriptions of the mitigating activities.

NERC proposes to eliminate the requirement to provide quarterly updates on the implementation of Mitigation Plans given the baseline expectation to complete each mitigation milestone within 3 months, with CEA flexibility to grant extensions.

### **Retention Requirements**

NERC proposes to state explicitly that registered entities have continuing obligations to retain data and information as directed by the CEA. These obligations apply to registered entity retention of CMEP data and information outside of Align or the ERO Secure Evidence Locker.

### **Summary of Comments**

NERC held a 45-day public comment period on the proposed ROP revisions.

NERC received comments on the CMEP-related revisions. No comments were received regarding the Personnel Certification Program or Training and Education Program revisions.

#### *Comments on Section 400*

Commenters asked for further clarification of the proposed revisions, which NERC addressed to ensure that the changes were clear to avoid confusion about the intent of the revised language. Commenters suggested retaining provisions regarding protection of Confidential Information. NERC is not proposing any change to how it handles Confidential Information. NERC proposes to refer to Section 1500, which will be the primary section describing the handling of Confidential Information, instead of having repetitive provisions throughout Section 400 and the Appendix 4C regarding the handling of Confidential Information.

#### *Comments on Section 1500*

Commenters sought clarification on the effect of adding “Critical Electric Infrastructure” and “Critical Electric Infrastructure Information” to the definition of “Confidential Information.” NERC proposes the revisions to track the FERC classifications of information subject to protection. NERC is not proposing to change what would be considered Critical Electric Infrastructure or Critical Electric Infrastructure Information or its protection of Confidential Information.

### Comments on Appendix 2

Commenters suggested several revisions that are outside the scope of this project. Changes to definitions that affect Reliability Standards will be part of a separate ROP project focused on the Standard Processes Manual and Section 300.

### Comments on Appendix 4C

Commenters suggested retaining audit scheduling procedures that provide more advance notice to registered entities of upcoming Compliance Audits. NERC revised its proposal to provide more notice to registered entities while allowing greater flexibility for CEAs than under the current Annual Audit Plan rules.

Commenters sought additional clarity regarding the development of Compliance Oversight Plans and subsequent scoping of Compliance Audits. Commenters sought additional detail regarding inputs to the CMEP Implementation Plan to ensure the annual document benefits from the expertise of NERC's standing committees, including the Reliability Issues Steering Committee and the Reliability and Security Technical Committee.

Commenters sought clarification on the start and end dates of the Compliance Audit period to ensure the start date of the audit period would not precede the end date of a previous Compliance Audit period.

Commenters supported the removal of the requirement for an onsite Compliance Audit at least once every three years for RCs, BAs, and TOPs.

Commenters requested additional time (beyond the proposed ten business days) for registered entities to review draft Compliance Audit reports. NERC revised the proposal to allow for 30 days of registered entity review.

Commenters emphasized the importance of protecting Confidential Information from being posted with noncompliance information. The ROP contains several provisions regarding the protection of Confidential Information. Further, NERC and the CEAs have robust protocols to protect Confidential Information from inadvertent disclosure.

With limited exception, commenters supported streamlining of noncompliance through revised processes for self-logged noncompliance and Compliance Exceptions. The commenter that did not support further streamlining expressed concern about transparency and consistency in Regional Entity handling of self-logged noncompliance and minimal risk noncompliance resolved as Compliance Exceptions. NERC and FERC will still be able to review any noncompliance to ensure the Self-Logging Program and Compliance Exceptions continue to work as intended by applying to minimal risk noncompliance that has been mitigated. In addition, NERC will still be able to report on statistics and trends in noncompliance, including for self-logged noncompliance, to inform stakeholders about the most frequently violated Reliability Standard Requirements.

## **Revisions to Personnel Certification and Credential Maintenance Program and Training and Education Program**

*Sections 600 and 900*

### **Background**

NERC is proposing a structure change to enhance the governance of the System Operator Certification program. Specifically, NERC proposes moving credential maintenance activities from the Reliability and Security Technical Committee (RSTC) to the Personnel Certification and Governance Committee (PCGC) under the NERC Rules of Procedure.

Through the proposed changes, NERC consolidates oversight of system operator certification and maintenance of system operator credentials under the PCGC.

This realignment would allow the newly formed Reliability Training Working Group, which is under the RSTC, to focus on providing support, expertise, and resources for the Bulk Electric System (BES) training personnel related to the reliable operation of the BES including, but not limited to, any NERC Reliability Standard containing a training requirement. This also allows the PCGC to rebrand the current Continuing Education program into a new Credential Maintenance Program, structured specifically around the NERC System Operator Certification program.

### **Summary**

#### **Section 600: Personnel Certification Program**

NERC proposes to expand the scope of the PCGC's responsibility to include both personnel certification and credential maintenance. As a result, NERC proposes to move requirements from Section 900 to Section 600. NERC also renames the "Personnel Certification Program" the "Personnel Certification and Credential Maintenance Program."

#### **Section 900: Training and Education**

NERC proposes to delete Section 902 (Continuing Education Program) and move these requirements, in their entirety, to Section 600.

### **Summary of Comments**

NERC received no comments on these proposed revisions.

## **SERC Reliability Corporation Bylaws Amendments**

### **Action**

Approve amendments to the SERC Reliability Corporation Bylaws.

Attachment 1: REDLINE – SERC Reliability Corporation Bylaws

### **Background**

The SERC Reliability Corporation (SERC) Board of Directors (Board) approved minor bylaw amendments (reflected in Attachment 1) by written consent on March 23, 2021, followed by SERC Members' approval on March 31, 2021. The amendments are primarily clean-up changes from the comprehensive bylaw amendments approved by the Federal Energy Regulatory Commission (Commission) on July 1, 2020 which (1) transitioned the SERC Board to a hybrid board made up of both sector representatives and independent directors; (2) added independent directors to the SERC Board; (3) transitioned the sector representative board structure into a members group; and (4) revamped SERC's Board committees.

### **Summary of Proposed Bylaw Amendments**

#### **Article V – Board of Directors**

- **Section 5.5(a) - Election of Board Officers:** SERC proposes to modify biennial terms for Board officers to begin on June 1 following the election (rather than on July 1), or unless otherwise determined by the Board, so that Director terms can begin after elections are held in the first quarter, but before the meetings begin in the second quarter, which will typically be held in late June.
- **Section 5.5(c) - Election of Board Officers:** SERC's practice has been for the Board Chair to serve as an ex-officio, non-voting member of all Board Committees. The proposed change in Section 5.5(c) memorializes that practice.
- **Section 5.6 - Terms of Sector Directors:** SERC proposes to modify terms for Sector Directors to begin on June 1 following the election (rather than July 1), or unless otherwise determined by the Board of Directors, so that Sector Director terms can begin after elections are held in the first quarter, but before the meetings begin in the second quarter.
- **Section 5.7 - Terms of Independent Directors:** SERC proposes to modify terms for Independent Directors to begin on June 1 following the election (rather than July 1), or unless otherwise determined by the Board of Directors, so that Independent Director terms can begin after elections are held in the first quarter, but before the meetings begin in the second quarter.

### **Next Steps**

If approved by the NERC Board of Trustees, NERC will file a joint petition with SERC seeking approval of the proposed amendments to the SERC Bylaws with the Commission.

**AMENDED AND RESTATED**

**BYLAWS**

**OF**

**SERC RELIABILITY CORPORATION**

**A North Carolina Nonprofit Corporation**

Approved by the SERC Board of Directors on March 23, 2021~~October 23, 2019~~

**Effective on January 1, 2021**\_\_\_\_\_

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Approved by the SERC Board of Directors on ~~October 23, 2019~~ March 23, 2021

Approved by the NERC Board of Trustees on ~~November 5, 2019~~ \_\_\_\_\_

Approved by the Federal Energy Regulatory Commission on ~~July 1, 2020~~ \_\_\_\_\_

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**AMENDED AND RESTATED**  
**BYLAWS**  
**OF**  
**SERC RELIABILITY CORPORATION**  
**[Hereinafter referred to as the “Corporation”]**  
**A North Carolina Nonprofit Corporation**

**ARTICLE I - OFFICES**

1.1 **Principal Office**. The principal office of the Corporation shall be located in the City of Charlotte, Mecklenburg County, North Carolina. The Board of Directors (or “the Board”) may by resolution change the location of this office from time to time.

1.2 **Other Offices**. The Corporation may have other offices at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

**ARTICLE II - PURPOSES**

2.1 **General Purposes**. The purpose of the Corporation is to reduce risks to the reliability and security of the electric grid in the SERC Region, as defined in Section 2.2. In pursuit of this goal, the Corporation shall:

- (a) enter into a Delegation Agreement to serve as a Regional Entity pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions;
- (b) promote the development of reliability and adequacy arrangements among the systems in the SERC Region;
- (c) participate in the establishment of Reliability Standards;
- (d) participate in the measurement of performance relative to these Reliability Standards;
- (e) promote conformance to and compliance with these Reliability Standards;

- (f) develop and exchange information with respect to planning and operating matters relating to the reliability and adequacy of the Bulk Power System;
- (g) review as necessary activities in the SERC Region on reliability and adequacy in order to meet Reliability Standards;
- (h) provide a mechanism to resolve disputes on reliability issues in a manner that meets the needs of the parties and the SERC Region; and
- (i) provide information with respect to matters considered by the Corporation, where appropriate, to the Federal Energy Regulatory Commission ("FERC") and to other federal and state agencies concerned with reliability and adequacy.

2.2 **Geographic Area.** The Corporation accomplishes its purposes in a geographic area (the "SERC Region") that is defined in Exhibit A of the Amended and Restated Delegation Agreement Between the North American Electric Reliability Corporation and SERC Reliability Corporation, as amended from time to time.

### **ARTICLE III - POWERS**

3.1 **Powers.** The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general nonprofit corporation law of the State of North Carolina, subject to any limitations provided in applicable federal or state law or in the Certificate of Incorporation or these Bylaws.

### **ARTICLE IV - MEMBERSHIP**

4.1 **General.** The Corporation shall be a membership corporation. Entities that meet the eligibility requirements, apply for membership in the Corporation, and whose applications have been duly approved by the Board of Directors for admission as a member shall hereinafter be referred to individually as a "Member" or "Member Company" and collectively as "Members" or "Member Companies".

4.2 **Eligibility.** Membership in the Corporation is voluntary and is open to any entity in the SERC Region that is a user, owner or operator of the Bulk Power System, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 4.2, qualifies for one or more of the Sectors

defined in Section 4.5, and is subject to the jurisdiction of the Federal Energy Regulatory Commission. Membership in the Corporation is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards of the Corporation and the North American Electric Reliability Corporation ("NERC"), and to assist the Corporation in its compliance with the terms and provisions of a Delegation Agreement (a "Delegation Agreement") with NERC, by which NERC delegates authority to propose and enforce Reliability Standards, pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions. For purposes of these Bylaws, the terms "Bulk Power System", "Reliability Standards" and "Regional Entity" shall be as defined in 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions.

4.3 **Admission of Members.** New Members may join the Corporation upon the approval of a submitted application as provided in this Section 4.3. The application shall designate the Sector the prospective Member wishes to join. The Secretary of the Corporation shall review the membership application and may request additional demonstration by the applicant that it qualifies for membership in a particular Sector. The Board of Directors shall have the sole authority to approve applications for membership upon such criteria as it deems appropriate.

4.4 **Termination.** A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) calendar days prior written notice of its intent to terminate such membership. Such Member Companies shall hereinafter be referred to as "Terminated Member Companies". Terminated Member Companies shall nevertheless continue to be liable for any and all obligations incurred prior to the end of the calendar year in which such notice is effective, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition, the Board of Directors may terminate the membership of a Member Company if, in the judgment of the Board of Directors, the Member Company has failed to meet its obligations and responsibilities to the Corporation. The termination of the membership, as well as the effective date and terms and conditions of such termination, of a Member Company by the Board of Directors shall require an affirmative vote of at least two-thirds (2/3) of the voting members of the Board of Directors.

4.5 **Sectors.** Each Member Company shall be classified by the Board of Directors in not more than one of the following seven (7) Sectors (each a "Sector", and collectively, the "Sectors"):

- (a) Investor-Owned Utility Sector – This Sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution.
- (b) Federal/State Sector – This Sector includes any U.S. federal entity that owns and/or operates electric facilities and/or provides

electricity for sale at wholesale to their members; balancing authority services, in any of the asset categories of generation, transmission, or distribution; or any entity that is owned by or subject to the governmental authority of a state and that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state.

- (c) Cooperative Sector – This Sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities.
- (d) Municipal Sector – This Sector includes any entity owned by or subject to the governmental authority of a municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating or purchasing.
- (e) Marketer Sector– This Sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in the SERC Region on a physical or financial basis.
- (f) Merchant Electricity Generator Sector – This Sector includes any entity that owns or operates an electricity generating facility or provides balancing authority services for such entities. This includes, but is not limited to, small power producers and all other non-utility producers such as exempt wholesale generators who sell electricity at wholesale.
- (g) ISO-RTO/Reliability Coordinator Sector – This Sector includes any entity that operates a FERC approved ISO or RTO or is an organization that is registered as a Reliability Coordinator on the NERC Compliance Registry.

The classification of a Member Company in a particular Sector may only be changed by the Board of Directors.

4.6 **Transfer of Membership.** A Member Company may not give or otherwise transfer its membership, except to a successor that becomes a Member Company in accordance with Section 4.3 of these Amended and Restated Bylaws, and provided that the successor continues to meet the predecessor's obligations.

4.7 **Member Powers.** The Members shall have the following rights and obligations:

- (a) To elect the Independent Directors;
- (b) To elect the Sector Directors;
- (c) To approve amendments to the Bylaws as recommended by the Board of Directors in accordance with the provisions in Section 13.1 of these Bylaws;
- (d) To approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets as recommended by the Board of Directors; and
- (e) To provide advice and recommendations to the Board of Directors with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the Corporation.

Except as expressly set forth in these Amended and Restated Bylaws, the Members shall have no other authority, rights, privileges, or preferences.

4.8 **Annual Meeting of Members.** The Members shall hold at least one Annual Meeting of the Members each year to elect the Independent Directors, elect Sector Directors, and to conduct other such business as may come before the meeting. By resolution adopted at any Annual Meeting of the Members, the Members may provide for additional regular meetings that may be held without further notice to the Members.

At the Annual Meeting of Members: (i) Independent Directors and Sector Directors shall be elected; (ii) the President and Corporate Treasurer shall report on the activities and financial condition of the Corporation; and (iii) the Members shall consider and act upon such other matters as are consistent with the notice of the Annual Meeting of the Members. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

4.9 **Special Meetings of Members.** Special Meetings of the Members may be called by:

- (a) The Chair of the Board of Directors;
- (b) Any six (6) Directors on the Board of Directors;
- (c) The President/Chief Executive Officer; or

- (d) Members if at least ten percent (10%) of the Members request such a meeting in written form to the Chair of the Board of Directors or the President of the Corporation describing the purpose for which the Special Meeting is to be held.

Not less than seven (7) days prior to the date of the meeting, the Secretary of the Corporation shall provide notice to all Members of the Special Meeting. Notice of the meeting and the costs of the meeting shall be at the expense of the Corporation. The business transacted at a Special Meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a Special Meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless a majority of the Members entitled to vote were present at such meeting or have waived notice of the meeting under Section 4.12.

4.10 **Location of Meetings of Members.** Meetings of Members shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Board Chair or the President/Chief Executive Officer.

4.11 **Conduct of Meetings of Members.** The Board Chair shall conduct and preside at all Meetings of the Members, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Board Vice Chair shall serve as acting Chair and shall preside at all Meetings of the Members, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors.

4.12 **Notice of Meetings.**

- (a) **Notice Requirements.** Notice of all Meetings of the Members must be given at least seven (7) days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, instructions for electronic attendance or voting, if applicable, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of a majority of the votes cast on a motion to amend the agenda. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed. Notice shall be deemed given by the Corporation to the Members when (a) posted on the Corporation's public website in a reasonably prominent location, and (b) sent by mail, facsimile or reputable overnight delivery service or by electronic transmission pursuant to Section 8.8.

- (b) **Waiver of Notice; Objections.** A Member may waive notice of a meeting of Members. A waiver of notice by a Member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, unless the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

4.13 **Right to Vote; Act of Members.** Each Member shall be entitled to one vote on all matters submitted to a vote of the Members. If a quorum for a meeting of the Members is present, a majority of the votes cast on the matter shall be the act of the Members, except with respect to any matter described in Section 4.14, and is subject to the following additional requirements:

- (a) An affirmative vote from a Member from at least three Sectors is required for any action to pass.
- (b) A negative vote from a Member from at least two Sectors is required for any action to fail.

Abstentions shall not count negatively or positively in tallying the vote; however, the abstaining members' attendance at a meeting shall still count toward the establishment of quorum.

4.14 **Special Voting Requirements.** Notwithstanding any other provision of these Bylaws, and except as set forth in the Articles of Incorporation, two-thirds (2/3) of the votes cast shall be required to amend the Bylaws or the Articles of Incorporation, as provided in Section 13.1 of these Bylaws. The substance of the proposed amendment(s) must be posted in accordance with the provisions of Section 13.1.

4.15 **Quorum.** A quorum for a meeting of Members is necessary for the transaction of business at a meeting of Members. A quorum is established by a majority of the Members. If a quorum for a meeting of the Members is not present, a meeting may be adjourned for that reason by the Members then represented or present.

4.16 **Action by Electronic Communication.** Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of the Members by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 4.12, as well as Quorum requirements in Section 4.15.

#### 4.17 **Voting Member; Proxies.**

- (a) **Designation of Voting Member; Proxies.** Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member to the Secretary in writing. A Member may change such designation at any time by providing at least twenty-four (24) hour written notice to the Secretary of the Corporation. Such notice may be provided by electronic transmission. Each Member may only give a proxy to a person who is a member, officer, executive-level employee, or agent of the Member. Alternatively, a Member may give a proxy to a representative of a Member registered in the same Sector.
- (b) **Effective Period.** An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or ballot by electronic transmission. However, a proxy is not valid for more than sixty (60) days from its date of execution.
- (c) **Revocation.** An appointment of a proxy is revocable by a Member. Appointment of a proxy is revoked by the person appointing the proxy either by expiration of the sixty (60) day period, by open declaration at a meeting, or by signing and delivering a revocation in writing or by electronic transmission to the Secretary or other officer or agent authorized to tabulate proxy votes. This may be done either in a statement that the appointment of the proxy is revoked or by a subsequent appointment that shall serve to cancel all prior proxies.

4.18 **Public Notice of Member Meetings.** Notice to the public of the dates, times and places of meetings of the Members, and all nonconfidential material provided to the Members, shall be posted on the Corporation's website at approximately the same time that notice is given to the Members.

4.19 **Posting of Minutes.** Minutes of meetings of Members shall be posted on the Corporation's website once approved.

4.20 **Reimbursement of Member Expenses.** The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at Annual, regular or Special Meetings of the Members.

## ARTICLE V - BOARD OF DIRECTORS

5.1 **General Powers.** The business and affairs of the Corporation shall be managed under the direction of the Board of Directors except as otherwise provided by the Articles of Incorporation or these Amended and Restated Bylaws.

5.2 **Duties.** The Board of Directors shall have all powers accorded to it under law not expressly reserved in whole or in part to the Members under the Articles of Incorporation or these Amended and Restated Bylaws, which shall include by way of example and not by way of limitation of powers, the responsibility to:

- (a) Govern the corporation and oversee its activities;
- (b) Approve Reliability Standards and their modifications utilizing a fair, open, balanced and inclusive process;
- (c) Ensure that the Compliance Monitoring and Enforcement Process is applied consistently;
- (d) Establish and approve an annual budget for submission to NERC;
- (e) Hire the Corporation's president and, upon the recommendation of a majority of the Independent Directors, approve his or her salary;
- (f) Recommend to Members to approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (g) Form or dissolve Board committees as appropriate;
- (h) Fill vacancies on any of the Board's committees;
- (i) Recommend amendments to the Articles of Incorporation to the Members;
- (j) Recommend amendments to the Bylaws to the Members or approve such amendments as allowed under Section 13.2; and
- (k) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.

### 5.3 **Composition and Eligibility.**

- (a) The Board of Directors shall be comprised of at least eighteen (18) Directors in addition to the President/Chief Executive Officer who shall serve as ex-officio non-voting member of the Board in accordance with Section 6.2(d).
- (b) Fifteen (15) of the Directors, which shall be referred to as Sector Directors, shall be allocated as follows:
  - (i) The Investor-Owned Utility Sector shall have four (4) representatives;
  - (ii) The Federal/State Sector shall have two (2) representatives;
  - (iii) The Cooperative Sector shall have three (3) representatives;
  - (iv) The Municipal Sector shall have three (3) representatives;
  - (v) The Marketer Sector shall have one (1) representative;
  - (vi) The Merchant Electricity Generator Sector shall have one (1) representative; and
  - (vii) The ISO-RTO/Reliability Coordinator Sector shall have one (1) representative.
- (c) Sectors shall recommend their respective Sector Director(s) to the Nominating and Governance Committee from among individuals holding senior management positions in Member organizations, which shall be presented by the Nominating and Governance Committee to the Members for election to the Board of Directors. No two Directors may be employees of a single Member or any affiliate or related party of a Member or any affiliate. In the event of a vacancy, the replacement Director shall be nominated as provided in this Section 5.3(c) and elected by the Members at the next Annual, regular or Special Meeting of the Members.
- (d) At least three (3) but no more than five (5) Directors shall be Independent Directors elected by the Members. An Independent Director is a person (i) who is not an officer or employee of the Corporation; an officer, director, or employee of a Member; or an officer, director or employee of any entity that would reasonably be perceived as having a direct financial interest in the outcome of the Board of Director's decisions; and (ii) who does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors may adopt additional standards for director independence not inconsistent herewith.

- (e) The Independent Directors shall be nominated by the Nominating and Governance Committee, and approved by the Members at the Annual Meeting of the Members, or at such other time as specified by the Board of Directors.
- (f) Any Director which the Board of Directors has determined has a conflict of interest on any matter brought before the Board shall not vote on such matter and shall recuse himself or herself from all Board deliberations concerning such matter.
- (g) There will be no alternates or proxies for Directors.

#### 5.4 **Meetings of the Board of Directors, Notice, Waiver**

- (a) **Meetings**. An annual meeting of the Board of Directors shall be held without notice immediately following the Annual Meeting of the Members. In addition, regular meetings may be held at such time or times as fixed by the Board of Directors. Special meetings of the Board of Directors may be called by the Chair of the Board, the President/Chief Executive Officer, or by any three Directors and shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Chair or the President/Chief Executive Officer.
- (b) **Notice**. Notice of the dates, times, and places of all regular and special meetings of the Board of Directors shall be published by the Secretary and provided to all Directors and Members not less than three (3) days prior to the date of the meeting. Notice shall be deemed given by the Corporation to Directors and Members when: 1) posted on the Corporation's public website in a reasonably prominent location, and 2) sent by mail or electronic transmission to each Director and Member included on the rosters maintained by the Secretary of the Corporation.
- (c) **Waiver**. Any person entitled to notice of a regular or special meeting of the Board of Directors may waive notice thereof. A waiver of notice by a person entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing or by attendance. Attendance by a director at a meeting of the Board is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

## 5.5 **Election of Board Officers.**

- (a) Biennially, the Board of Directors, upon recommendation of the Nominating and Governance Committee shall elect Board Officers from among the Directors for the positions of Chair and Vice Chair, each for a term of two (2) years beginning on June 1 following the election, or unless otherwise determined by the Board of Directors~~July 1st after the election~~. No Director may serve in more than one (1) Board Officer position at the same time.
- (b) The Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, the Independent Directors shall designate a lead Independent Director that the Chair shall consult with regularly on agendas and other matters of importance. If the Chair and the Vice Chair are Independent Directors, the Sector Directors shall designate a lead Sector Director that the Chair shall consult with regularly on agendas and other matters of importance.
- (c) The Chair shall conduct and preside at all meetings, be responsible for the preparation of the agenda, serve as ex-officio non-voting member to all Board committees, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Vice Chair shall serve as acting Chair and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the event that a Board Officer cannot complete his or her term, the Board of Directors may hold a special election to elect a replacement Board Officer for the remainder of the unexpired term.

5.6 **Terms of Sector Directors.** The Sector Directors shall be divided into two groups, Group 1 and Group 2, with the number of Sector Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July-June 1, or unless otherwise designated by the Board of Directors, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Sector Directors may be extended beyond a two (2) year term or be less than a two (2) year term as deemed necessary by the Members.

5.7 **Terms of Independent Directors.** The Independent Directors shall be divided into two groups, Group 1 and Group 2, with the number of Independent Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on July-June 1, or unless otherwise designated by the Board of Directors, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Independent Directors may be extended beyond

a two (2) year term or be less than a two (2) year term as deemed necessary by the Members. No Independent Director shall serve more than four (4) terms.

5.8 **Vacancies and Removal.** If a Director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the position shall thereupon be vacant and shall be filled as soon as practicable and in accordance with the same procedures that the position had previously been filled. The successor Director shall hold office for the unexpired portion of the term of the director replaced. An Independent Director or Sector Director may be removed by the affirmative vote of two-thirds (2/3) of the remaining Directors. Any Director may be removed by the Board of Directors for non-attendance at three or more consecutive Board meetings. Any Independent or Sector Director removed by the Board of Directors under this Section 5.8 may not be reelected to the Board.

5.9 **Agenda.** As far in advance of each regular and special meeting as practical, an agenda shall be distributed to Directors and other participants.

5.10 **Compensation and Reimbursement.** Sector Directors shall not receive any compensation from the Corporation for their services to the Corporation as Directors on the Board. Independent Directors shall be entitled to such compensation as indicated by a Board policy, if any. Independent Directors shall have the right to reimbursement by the Corporation of their actual reasonable travel expenses to Board of Directors meetings or when specifically selected to represent the Corporation at a business meeting, subject to Board policy as adopted from time to time, if any. Sector Directors shall not be reimbursed by the Corporation for any expenses, unless specifically approved in advance by resolution of the Board of Directors.

5.11 **Quorum.** A quorum is necessary for the transaction of business at a meeting of the Board of Directors. A quorum is established by the presence of a majority of the Directors entitled to vote at a meeting, provided that a majority of the Independent Directors must also be present to constitute a quorum. Electronic participation is acceptable if authorized by the Board Chair at that meeting. If a quorum for a meeting of the Board of Directors is not established, a meeting may be adjourned for that reason by the Directors then represented or present.

5.12 **Voting.** Each voting Director on the Board of Directors shall have one vote with respect to decisions of the Board of Directors. The President of the Corporation shall be an ex-officio member of the Board without vote and shall not be counted for quorum purposes. The positive vote of a majority of the voting directors is necessary to pass a particular action, except with respect to any matter described in Sections 4.4, 4.13, 4.14, 11.1, and 13.1, and is subject to the following additional requirements:

- (a) An affirmative vote from a Director from at least three Sectors is required for any action to pass.

- (b) A negative vote from a Director from at least two Sectors is required for any action to fail.

For voting purposes, the Independent Directors shall constitute its own Sector.

5.13 **Action Without a Meeting.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors or by a Board Committee, may be taken without a meeting if all members of the Board or Board Committee consent thereto in writing or by electronic transmission, and the writing(s) or electronic transmission(s) are included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director consents unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote.

5.14 **Action by Electronic Communication.** Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of Directors by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 5.4, as well as Quorum requirements in Section 5.11.

## ARTICLE VI - CORPORATE OFFICERS

6.1 **Corporate Officers.** The Board of Directors shall appoint a President/Chief Executive Officer, one or more Vice Presidents, a Secretary, and a Treasurer of the Corporation. Two (2) or more of such offices may be held by the same person, except for the offices of President/Chief Executive Officer and Secretary. The Board of Directors may appoint such other officers and assistant officers as it deems necessary.

6.2 **President/Chief Executive Officer.** The President shall be the Chief Executive Officer of the Corporation and shall manage the operations of the Corporation to the end that its purposes shall be accomplished. The President shall:

- (a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;
- (b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;
- (c) Represent SERC at all NERC Stakeholder and Board of Trustees, meetings, as appropriate;

- (d) Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, and (ii) all Board committees;
- (e) Coordinate subregional activities and interregional affairs, to include data collection;
- (f) Oversee the business affairs of the Corporation, including the Corporation staff, and enact such policies and procedures for staff as are needed to implement the goals and objectives of the Corporation; and
- (g) Provide other assistance to the Corporation and NERC, as appropriate.

6.3 **Vice President.** The Corporation may have one or more Vice Presidents. A Vice President of the Corporation shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board of Directors or the President/Chief Executive Officer. In the absence of the President/Chief Executive Officer, or in the case of the President/Chief Executive Officer's inability to act (because of death, resignation, removal, disqualification, or otherwise), a Vice President of the Corporation may be appointed to perform the duties and exercise the powers of the President/Chief Executive Officer, subject to the control of the Board of Directors.

6.4 **Secretary.** The Secretary of the Corporation shall be custodian of and shall maintain the corporate books, records and the minutes of the meetings of the Board of Directors and other Corporation-related meetings and shall assure that all required notices are duly given in accordance with these Bylaws, the Articles of Incorporation or as otherwise may be required by law. The Secretary of the Corporation shall also be the custodian of the seal of the Corporation. The Secretary of the Corporation shall, in general, perform all duties incident to the office of Secretary of the Corporation and such other duties as may, from time to time, be assigned to him or her by the Board of Directors or the President/Chief Executive Officer.

6.5 **Treasurer.** The Treasurer of the Corporation shall have charge and custody of, and be responsible for, all funds and securities of the Corporation and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws. The Treasurer of the Corporation shall, in general, perform all of the duties incident to the office of Treasurer of the Corporation and such other duties as from time to time may be assigned to him or her by the Board of Directors or the President/Chief Executive Officer.

## ARTICLE VII - BOARD COMMITTEES

7.1 **Designation by Board.** The Board of Directors may designate Board Committees as shall be necessary to address the purposes of the Corporation.

7.2 **Authority.** The powers and duties of Board Committees shall be subject to general policies and procedures established by the Board and shall be at all times subject to the control and direction of the Board. Board Committees shall include a Board Risk Committee, a Human Resources and Compensation Committee, a Finance and Audit Committee, a Nominating and Governance Committee, and such other Board Committees as the Board may authorize from time to time. All Board Committees and the chairs thereof, unless the appointment of the chair is otherwise designated by these Bylaws or the Board committee's charters, shall be nominated by the Nominating and Governance Committee and approved by the Board. The Board may act by and through the Board Committees as may be specified in resolutions adopted by the Board. With the exception of the Finance and Audit Committee as specified in Section 7.5 and in that committee's charter, Committee members must be Directors of the Board.

7.3 **Board Risk Committee.** The Board Risk Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Board Chair shall be ineligible to serve as Chair of the Board Risk Committee. The Board Risk Committee shall be responsible for overseeing the Corporation's risk management framework; providing oversight over management and the Technical Committee's assessments of external risks to the SERC Region; and periodically reporting these risks oversight findings to the Board of Directors.

7.4 **Human Resources and Compensation Committee.** The Human Resources and Compensation Committee shall consist of up to seven (7) members of the Board, at least two (2) of which shall be Independent Directors. The purpose of the Human Resources and Compensation Committee is to assist the Board in fulfilling its fiduciary duties as they pertain to determining appropriate compensation levels and ensuring that compensation methods are consistent with the Corporation's mission, vision, and values. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation strategies, policies and plans that will enhance the Corporation's ability to attract and retain skilled top-level leadership. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation policies for Independent Directors.

In achieving these objectives, it shall be the responsibility of the Human Resources and Compensation Committee to establish a rebuttable presumption of reasonableness under the Intermediate Sanctions rules for the compensation of all employees who are deemed to be Disqualified Persons as defined under the Internal Revenue Code and any implementing regulations.

7.5 **Finance and Audit Committee.** The Finance and Audit Committee shall be composed of not less than three (3) and no more than five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Finance and Audit Committee may include a non-Director as a member if the Committee so determines that financial expertise is needed that is not available among the Directors of the Board. The Finance and Audit Committee must be chaired by a Director of the Board. The Finance and Audit Committee's purpose is to assist the Board in its oversight of the financial affairs of the Corporation, including the financial condition, operating and capital budgeting, external audits, debt structure, debt financing and refinancing, investments, and other significant financial matters. The Finance and Audit Committee shall review all issues involving significant financial transactions prior to final consideration by the Board.

7.6 **Nominating and Governance Committee.** The Nominating and Governance Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The purpose of the Nominating and Governance Committee is to identify and recommend qualified individuals for appointment as Directors as well as assist the Board by reviewing governance documents and recommending modifications as needed.

- (a) Independent Director Nominations. The Nominating and Governance Committee shall seek out for nomination Independent Directors from diverse backgrounds, who will contribute to the effective functioning of the Board of Directors and the Corporation by bringing a broad range of industry expertise, viewpoints, experiences, skill sets, and knowledge. If an incumbent Independent Director is not re-nominated, the Nominating and Governance Committee will use reasonable efforts to ensure that diverse candidates are in the pool of potential nominees for the open Independent Director position and may retain an independent consultant to identify individuals qualified and willing to serve as an Independent Director. Independent Director nominations will be recommended to the Members for approval
- (b) Sector Director Nominations. The Nominating and Governance Committee shall coordinate with the Sector Members to collect appropriate candidates for the Sector Directors to be recommended to the Members for approval.
- (c) Officer and Committee Nominations. The Nominating and Governance Committee shall assist the Board by identifying and recommending appointments for Officers of the Board and for appointments of Board Committees and Board Committee chairs.
- (d) Governance Document Review. The Nominating and Governance Committee shall assist the Board in fulfilling its fiduciary duties as they pertain to reviewing the organization's Bylaws and governing policies and procedures and recommending changes as needed.

(e) **Fiduciary Duty Training.** The Nominating and Governance Committee shall ensure that annual fiduciary duty training is provided to the Board of Directors.

7.7 **Rules for Governance.** Each Board Committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each Board Committee shall maintain its rules for governance in a written charter that is approved by the Board.

7.8 **Ad-Hoc Committees.** The Board or its Board Committees may, from time to time, appoint ad-hoc committees to research and/or advise it on compliance or technical issues or matters, among other things. Such ad-hoc committees may be formed on an as-needed basis and may vary in makeup depending on the needs of the Board or Board Committees. Committee members of ad-hoc committees need not be Directors unless otherwise stated in the Board resolution creating such committee.

7.9 **Support Committees of the Corporation.** In addition to Board Committees and ad-hoc committees of the Board, the Board may by resolution create Technical Committees of the Corporation as the Board deems necessary to carry out the purposes of the Corporation. Such Technical Committees shall be representative of members of the Corporation. They shall provide for balanced decision making, and include persons with outstanding technical knowledge and experience. The membership of the Technical Committees shall be determined based upon experience, expertise and the needs of the Board, the Board Committees, or the Corporation. All Technical Committees formed under this Section 7.9 shall be subject to the direction and control of the Board. Each Technical Committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each Technical Committee shall maintain its rules for governance in a written charter that is approved by the Board.

The Board shall conduct a review of all Committees of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner.

## ARTICLE VIII - MISCELLANEOUS

8.1 **Conflicts of Interest.** All Directors and Board committee representatives shall comply with the Corporation's policies that prohibit conflicts of interest, as such conflicts could cast doubt on the ability of such persons to act with total objectivity with regard to the overall interests of the Corporation.

8.2 **Contracts.** The Board of Directors may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into

any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

8.3 **Checks, Drafts, or Orders.** All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by an authorized officer or agent of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.4 **Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Corporation's President/Chief Executive Officer may select.

8.5 **Books and Records.** The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Members, the Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the Directors and Members. All books and records of the Corporation may be inspected by any Director, or agent or attorney representing any Director, for any proper purpose at any reasonable time.

8.6 **Seal.** The corporate seal shall be in circular form and shall have inscribed thereon the name of the Corporation, the words "Corporate Seal", and such other word or words, if any, as may be determined by the Board of Directors to be inscribed thereon.

8.7 **Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

8.8 **Notice.** With respect to any notice requirements contained in these Bylaws, notice shall be delivered or given either personally, by mail (including U.S. postal service, electronic mail, and any nationally recognized delivery service), or by facsimile. Any notice sent by United States mail shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the notice recipient at the recipient's address as it appears on the records of the Corporation. If notice is provided in person, by electronic mail, or by facsimile, such notice shall be deemed to be delivered when transmitted for delivery to the recipient.

8.9 **Waiver of Notice.** Whenever any notice is required to be given under the provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the articles of incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

8.10 **Policies and Procedures.** The Directors shall execute and abide by the conflicts of interest policy as may be adopted and amended from time to time by the Board

of Directors. The officers of the Corporation and Directors shall abide by such other policies and procedures as may be adopted from time to time by the Board of Directors.

## ARTICLE IX - EXPENSES

9.1 **Allocation of Specific Expenses.** The expenses of Directors and Board Officers shall be borne by that person's regular employer except for expenses of Independent Directors related to their duties associated with the Board of Directors. Expenses of Independent Directors shall be reimbursable subject to these Amended and Restated Bylaws and the Board's policy as may be amended from time to time, if any.

9.2 **Statutory Functions.** The Corporation anticipates that as a general rule all of its expenses shall be incurred in the furtherance of statutory activities pursuant to Section 215 of the Federal Power Act, and that all such expenses shall be funded by NERC, subject to FERC approval.

9.3 **Non-Statutory Functions.** Notwithstanding Section 9.2, the Board of Directors may from time to time authorize the Corporation to participate in non-statutory activities (i.e., activities not described in Section 215 of the Federal Power Act). In the event that the Corporation proposes to engage in non-statutory activities, such activities shall be identified in the Corporation's annual business plan that is submitted to NERC and, if approved by NERC, shall be submitted to FERC for approval in advance of engaging in such non-statutory activities. The expenses incurred by the Corporation for any such approved non-statutory activities shall be allocated by the Board of Directors to the beneficiaries of such activities on a basis proposed in the business plan submitted for NERC and FERC approval.

## ARTICLE X - DISPUTE RESOLUTION PROCESS

10.1 **Dispute Resolution.** All disputes regarding non-compliance with Reliability Standards shall be handled in accordance with the NERC Rules of Procedure. The organizational units of the Corporation shall deal with all other disputes within the framework of their respective organizations. For such other disputes, Member Companies of the Corporation are encouraged to utilize the appropriate Dispute Resolution Process within the Corporation prior to seeking resolution at NERC, FERC, or with legal counsel.

## ARTICLE XI - DISSOLUTION

11.1 **Dissolution**. The Corporation may be voluntarily dissolved upon unanimous consent of the Board of Directors to recommend dissolution followed by approval by the Members of the Board's recommendation, and in accordance with Section 55A-14-02 of the North Carolina Nonprofit Corporation Act, as amended from time to time.

11.2 **Distribution of Assets**. Upon dissolution of the Corporation as provided in Section 11.1, the residual assets, after payment of all just obligations, shall be distributed exclusively to organizations which are exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws, as the Board of Directors shall determine.

## ARTICLE XII - INDEMNIFICATION

12.1 **Indemnification of Directors, Committee Members, Officers, Employees and Agents**. Every person who is, or has served as, a Director, committee member, Officer, employee, or agent of the Corporation shall be indemnified by the Corporation in the manner and to the extent authorized by the North Carolina Nonprofit Corporation Act. The foregoing rights of indemnification shall be without prejudice to any other rights to which any such Director, committee member, Officer, employee, or agent may be entitled as a matter of law.

## ARTICLE XIII - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

13.1 **Amendment Process**. Any proposal to amend the Articles of Incorporation or Bylaws (an "Amendment") shall first be put before the Board of Directors at any regular or special meeting for a vote to recommend such Amendment to the Members. Copies of the proposed Amendment shall be distributed to the Board of Directors at least thirty (30) calendar days before the meeting at which they are to be considered. A recommendation that the Members approve the Amendment shall be approved by at least two-thirds (2/3) of the Board of Directors, provided that a quorum is present. Upon approval of the recommendation by the Board, the Members may approve the recommended Amendment at any regular or special meeting. Copies of the proposed Amendment shall be distributed to the Members at least thirty (30) calendar days before the Meeting of the Members at which they are to be considered. An Amendment

recommended by the Board of Directors shall be adopted and proposed to the NERC Board of Trustees for approval after being approved by at least two-thirds (2/3) of the Members, provided that a quorum of the Members is present.

13.2 **Board Amendment of Bylaws.** Notwithstanding the Members reserved power in Section 4.7 or the amendment process outlined in Section 13.1, upon the passage of any federal electric reliability legislation, and/or the adoption of any rules or regulations of FERC, NERC or other governmental entity with jurisdiction, the Board shall have authority to amend these Bylaws as necessary and appropriate to comply with such law, legislation, rules and regulations.

## 2021 Summer Reliability Assessment Preview

### Action Review

### Background

The NERC 2021 Summer Reliability Assessment (SRA) identifies, assesses, and reports on areas of concern regarding the reliability of the North American bulk power system (BPS) for the upcoming summer season. In addition, the SRA will present peak electricity supply and demand changes, as well as highlight any unique regional challenges or expected conditions that might impact the BPS. The reliability assessment process is a coordinated reliability evaluation between the Reliability Assessment Subcommittee (RAS), the Regional Entities, and NERC staff.

The final report reflects NERC's independent assessment and is aimed at informing industry leaders, planners and operators, as well as regulatory bodies so that they can be better prepared to take necessary actions to ensure BPS reliability. The report also provides an opportunity for the industry to discuss their plans and preparations for ensuring reliability throughout the upcoming summer period.

Pursuant to delegated authority from the Board of Trustees, NERC management expects to issue the 2021 SRA on or about May 27, 2021. The review schedule below identifies key milestones for the report.

2021 Summer Reliability Assessment Review Schedule	
Date	Description
April 28	Draft sent to NERC Reliability and Security Technical Committee (RSTC)
May 21	Draft sent to NERC Executive Management
May 24	Final Report sent to NERC Board
May 26	Pre-publication Report sent to ERO Executive Committee and MRC
May 27	Report release

## 2021 State of Reliability Report Preview

### Action Review

### Background

The State of Reliability Report (SOR) is prepared annually to provide objective, credible, and concise information to policy makers, industry leaders, and the NERC Board of Trustees (Board) on issues affecting the reliability and resilience of the North America bulk power system (BPS). Specifically, the report:

- Identifies system performance trends and emerging reliability risks;
- Determines the relative health of the interconnected system; and
- Measures the success of mitigation activities deployed.

The key findings and recommendations of the report serve as the technical foundation for NERC’s range of risk-informed efforts addressing reliability performance and serve as key inputs to the ERO Reliability Risk Priorities Report prepared by the Reliability Issues Steering Committee (RISC). The metrics measured in the report address the characteristics of an adequate level of reliability (ALR).

In developing the 2021 SOR, NERC staff and the Performance Analysis Subcommittee continue to tailor content for the policy maker and industry leader audience. NERC management expects to issue the 2021 SOR in August. The review schedule below identifies key milestones for the report.

<b>2021 State of Reliability Report Schedule</b>	
<b>Date</b>	<b>Description</b>
June 8 - 9	Webinar presentation to the Reliability and Security Technical Committee
June 22	Comments due from the Reliability and Security Technical Committee members
July 7	Electronic voting begins by the Reliability and Security Technical Committee for acceptance
July 29	Report sent to NERC Board of Trustees and MRC for review
August 12	Report presented to NERC Board of Trustees for acceptance
August 13	Report release (Target)

## **2021 First Quarter Reliability Indicators**

### **Action**

Update

### **Summary**

The ERO Enterprise Dashboard identifies key reliability indicators that provide insight into the performance of the bulk power system (BPS) as well as emerging trends that may indicate potential opportunities or challenges prospectively. Each quarter, NERC staff provides a summary of the status of these reliability indicators. The Reliability Issues Steering Committee (RISC) committee recently reviewed the existing reliability indicators and as a result recommended several modifications to these indicators for 2021. These modifications were previewed at the February 2021 NERC Board of Trustees meeting, and they more accurately identify potential trends that may pose challenges to the BPS. The 2021 indicators also provide several more forward-looking indicators that can illuminate areas that may require further analysis.

# NERC

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

## 2021 First Quarter Reliability Indicators

Soo Jin Kim, Director of Power Risk Issues and Strategic Management  
Board of Trustees Meeting  
May 13, 2021

RELIABILITY | RESILIENCE | SECURITY



- **Why is it important?**

- Provides a quantitative measure and trend of actual impacts on the BPS

- **How is it measured?**

- Count: Number of Category 3 or above events
- Trend: Statistical test is performed on the five-year cumulative daily event Severity Risk Index (eSRI) for (Category 1–3) events

**Data (Annual Measurement)**

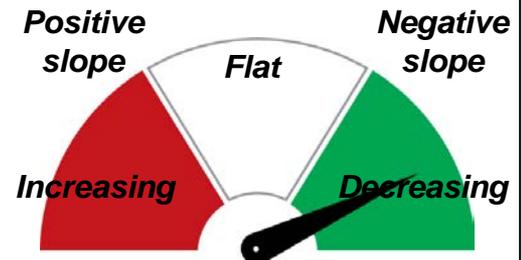
- Threshold: No Category 3 or above events: *Zero is green, else is red*

**2021 Status**



**Data (Compared to a 5-year rolling average)**

- Slope of eSRI line is flat to decreasing and does not show an increase above zero that is statistically significant (95% Confidence Interval).
- “2021 Status” relates to the slope of the 5 year rolling average (Positive, Flat, or Negative), not just the 2021 performance.



- **Why is it important?**

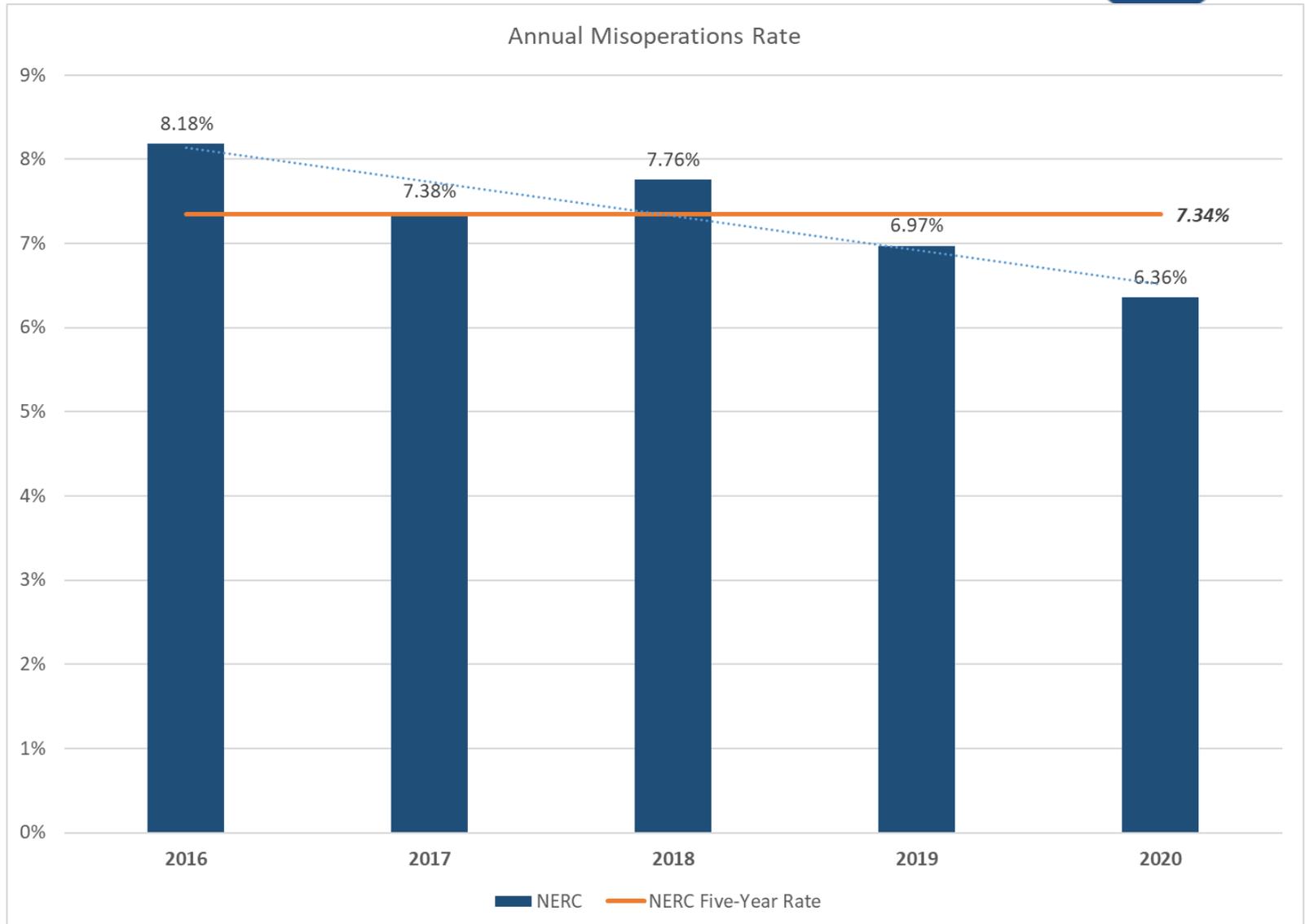
- Reduce risk to BPS reliability from Standard violations by registered entities

- **How is it measured?**

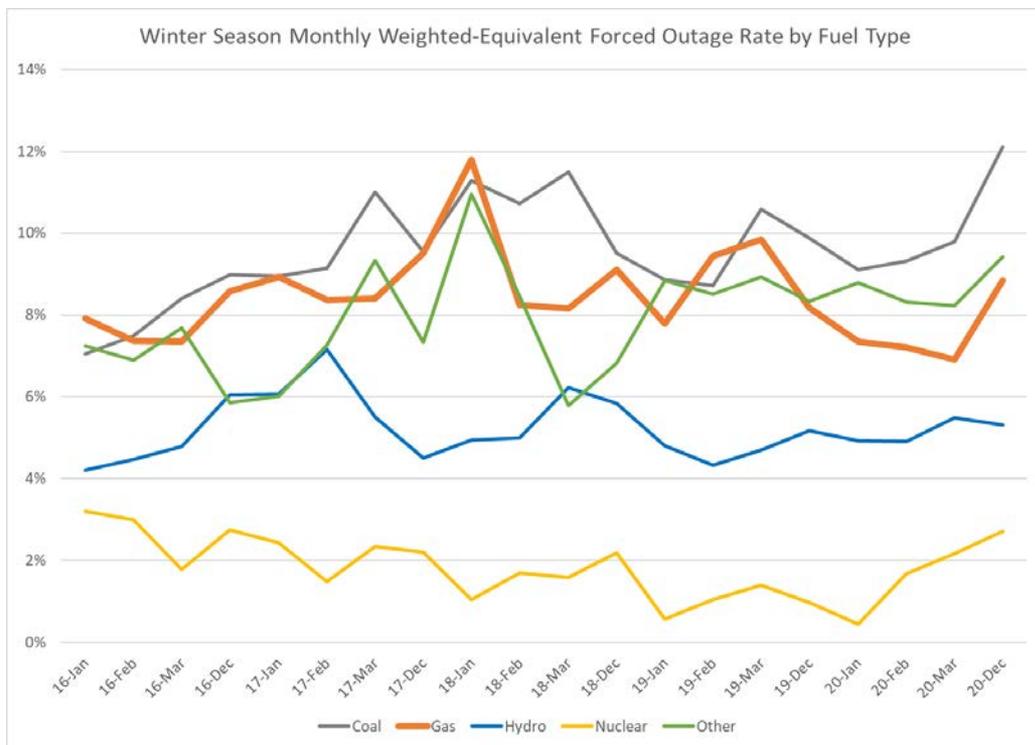
- Moderate and serious risk noncompliance with a relevant history of similar past conduct: **12% of the Q1 2021 moderate and serious risk filings had relevant past conduct.**
- The number of violations discovered through self-reports: **88% of noncompliance submitted during Q1 2021 were self-reported**
- Risk to the BPS based on the severity of Standard violations: **9% of the violations filed in Q1 2021 were assessed as serious risk.**
  - *2% of past 5-year filings are assessed as serious risk.*



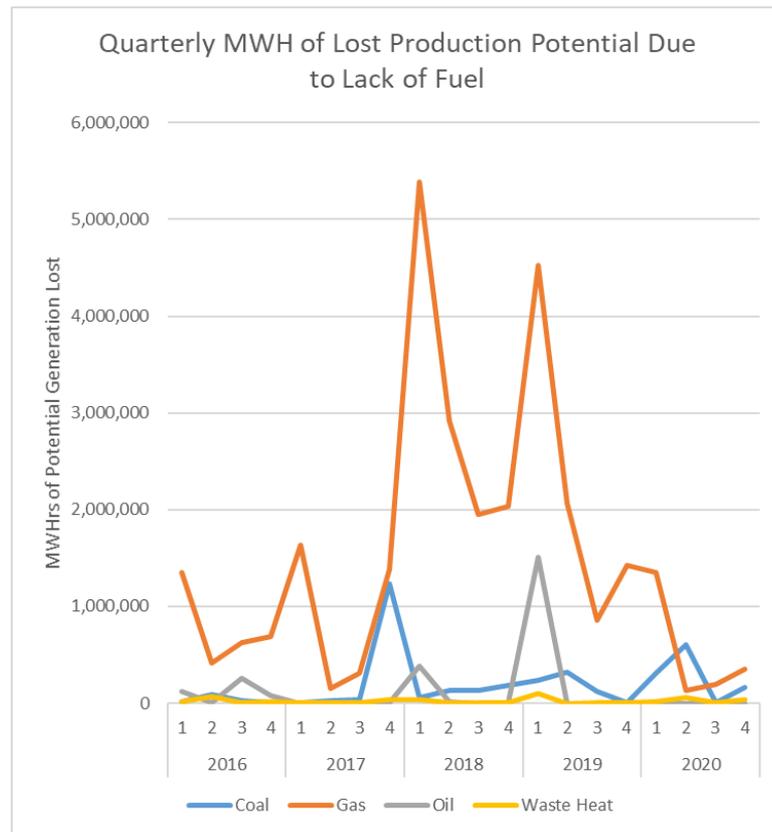
# Indicator 3: Protection System Misoperations Rate



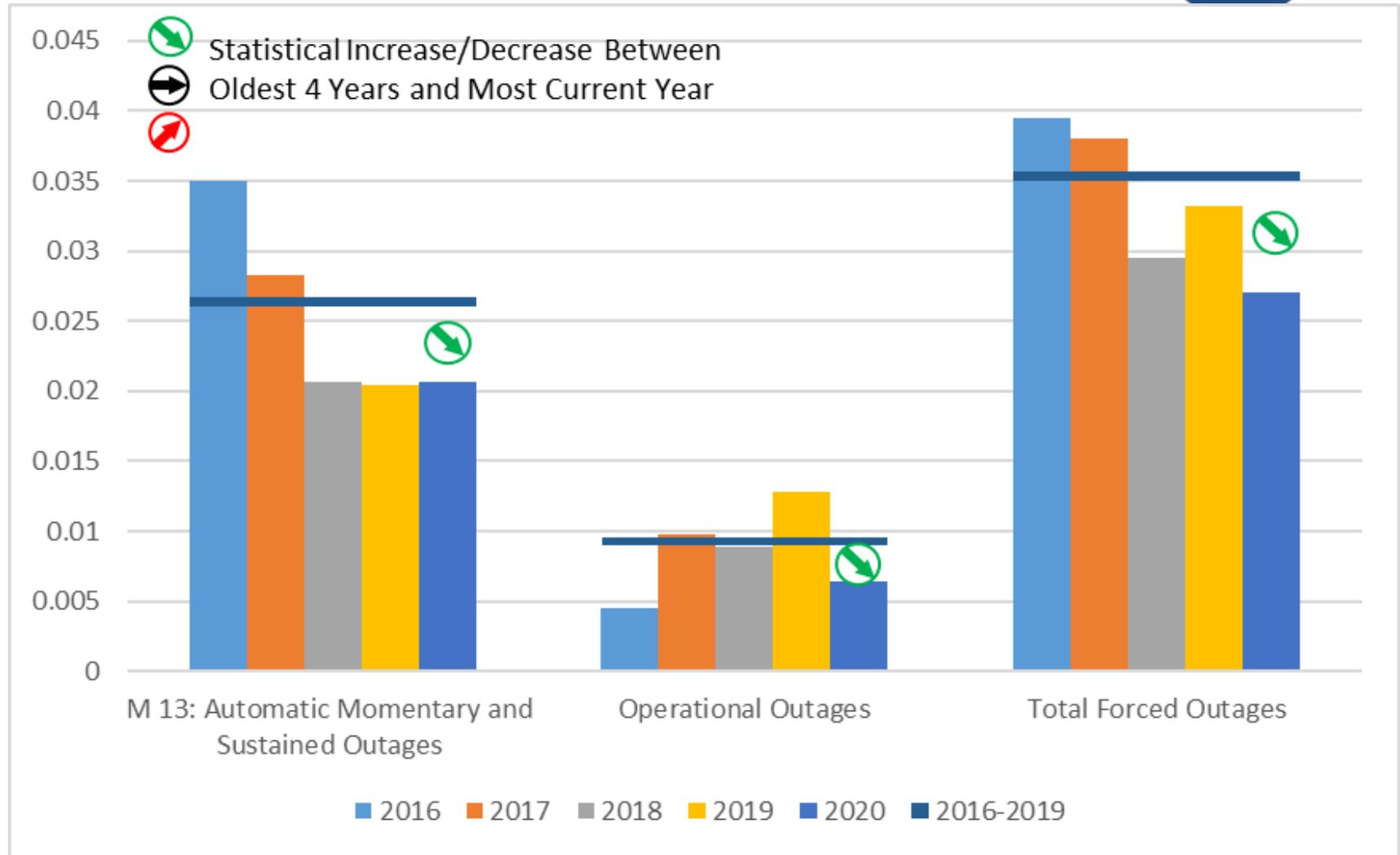
# Indicator 4: Forced Outage Rate During Cold Weather Months and Potential Production MWH Loss Due to Lack of Fuel



**Winter Season Monthly Weighted EFOR by Fuel Type**

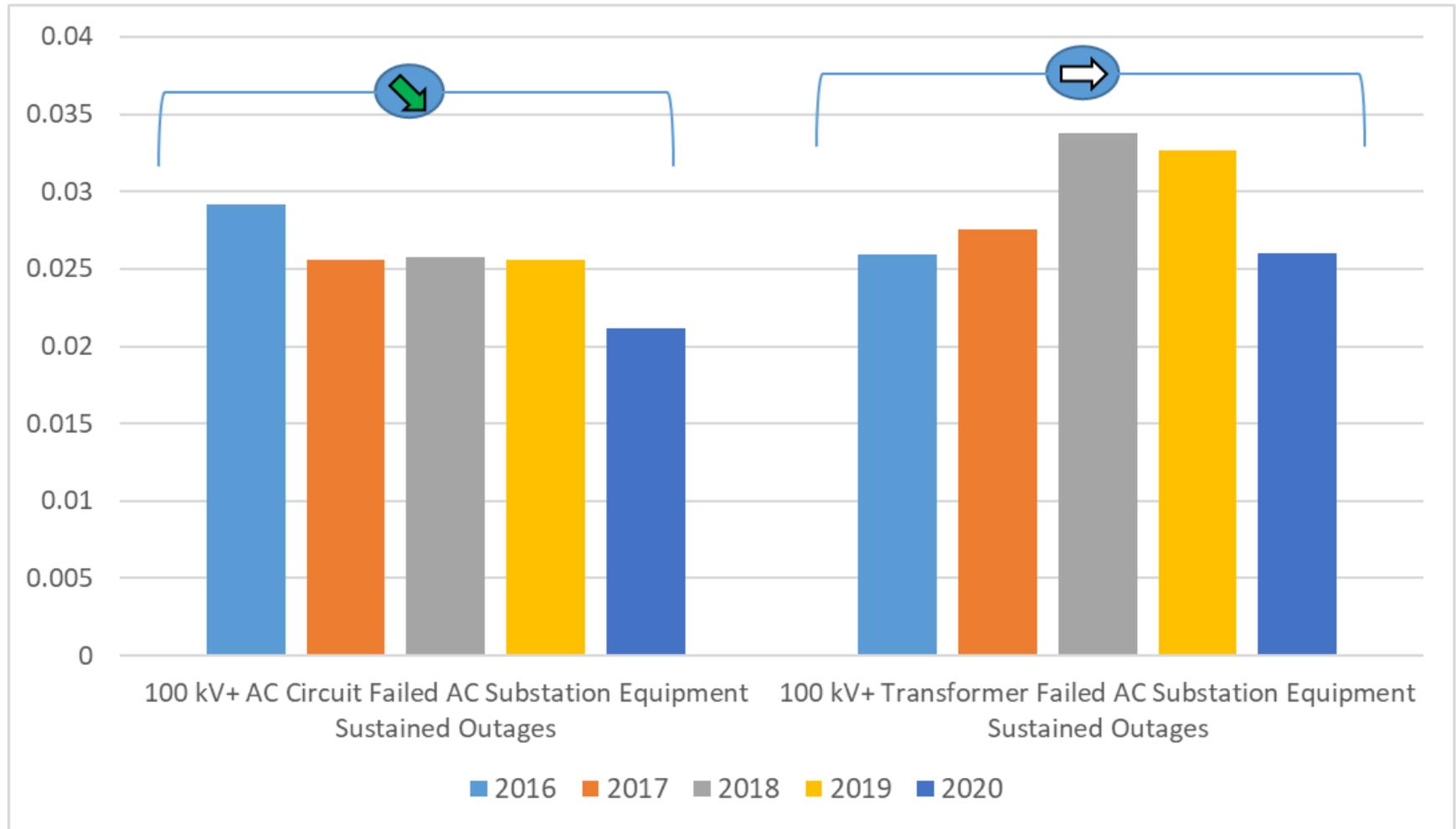


**Percent of Potential Production Lost Due to Lack of Fuel**



**Outages Caused by Human Error  
AC Circuits**

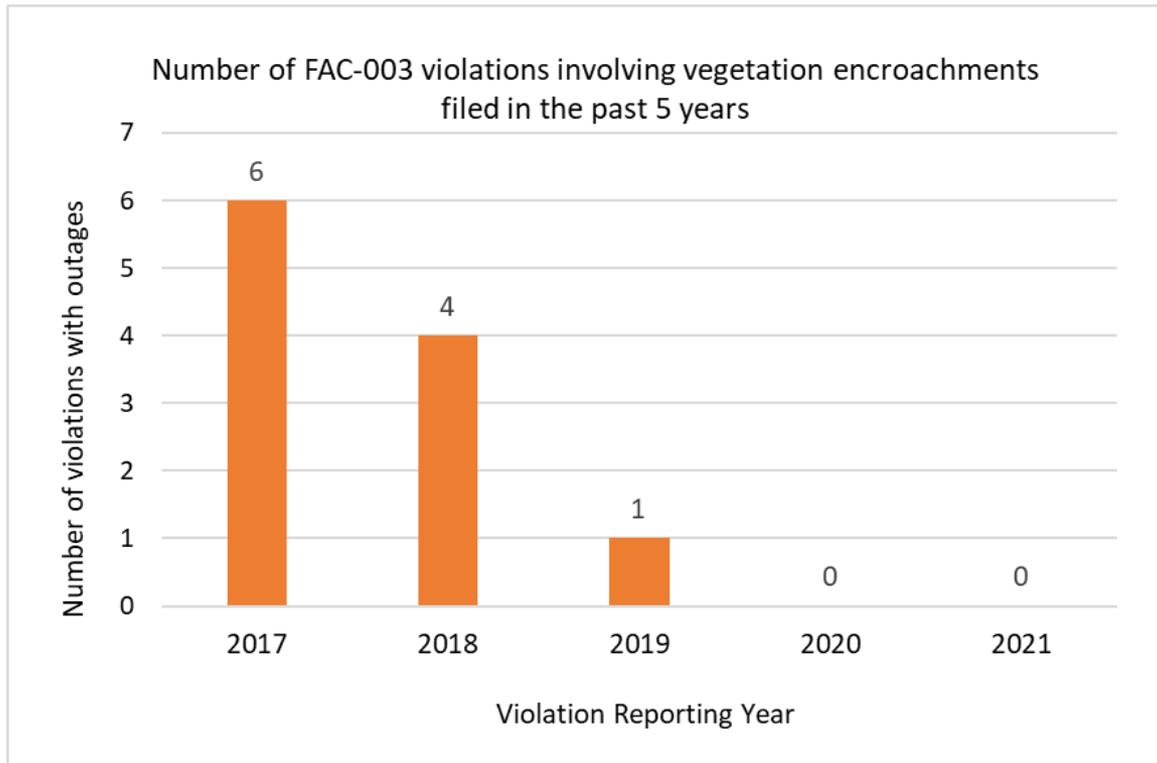
# Indicator 5b: Substation Equipment Failures or Failed Circuit Equipment



Failed AC Substation Equipment

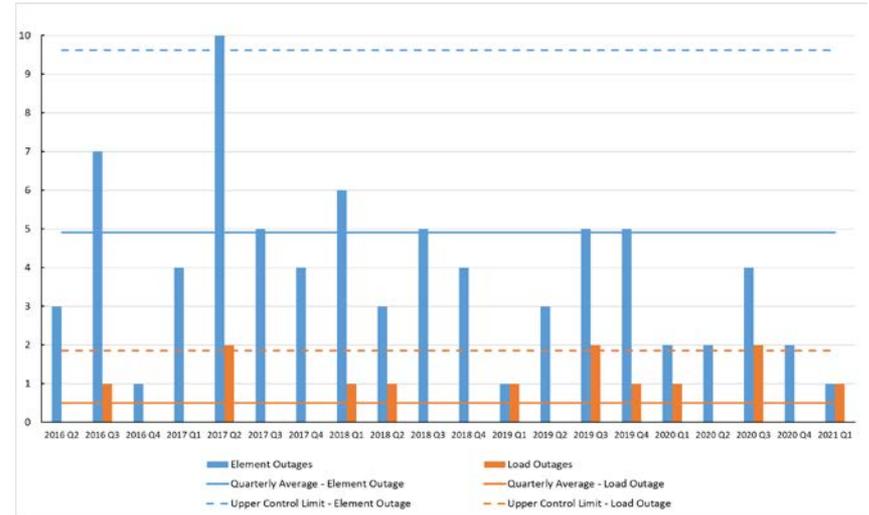
- **How is it measured?**

- Number of vegetation encroachments: **11 vegetation encroachments from inside of the right-of-way have been filed since 2017.** The graph below shows those violations by reporting year.



## • How is it measured?

- Number of applicable DOE OE-417 Electric Emergency Incident and Disturbance Reports and NERC EOP-004 Event Reports



### Data (Compared to 2016-2018 Quarterly Baseline)

- No disruption\* of BES operations due to cyber security incidents  
***Zero disruptions of BES operations due to cyber attacks in 2020 Q4***
- Number of disruptions\* of BES operations due to physical security incidents: *Below baseline Upper Control Limit is green, else is red*  
***One disruptions of BES operations (one with load loss) due to physical attacks in 2020 Q4***

\*A disruption means that a BES element was removed from service as a result of the cyber or physical incident

**2021 Status**  
**Cyber Security**  
**Physical Security**

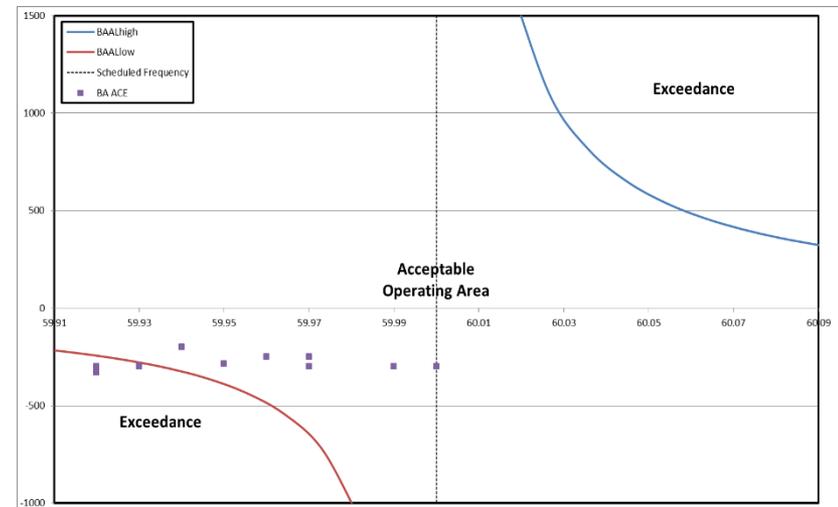


## Why is it important?

Each Balancing Authority (BA) is required to operate such that its clock-minute average of reporting area control error (ACE) does not exceed its clock-minute BA ACE limit (BAAL) for more than 30 consecutive clock-minutes. The purpose of this metric is to measure risk to the BPS by monitoring the trend in the number of clock minutes in which BAs return their ACE to within their BAAL after an exceedance has occurred.

## How is it measured?

Success (green) is achieved when the linear regression line of the most recent four years of quarterly BAAL exceedances greater than or equal to 15 clock minutes has a statistically significant negative slope or when the slope of the time trend is statistically neither increasing nor decreasing. This equates to either improvement or no decline in performance. Failure (red) occurs if slope of the time trend is increasing with statistical significance.

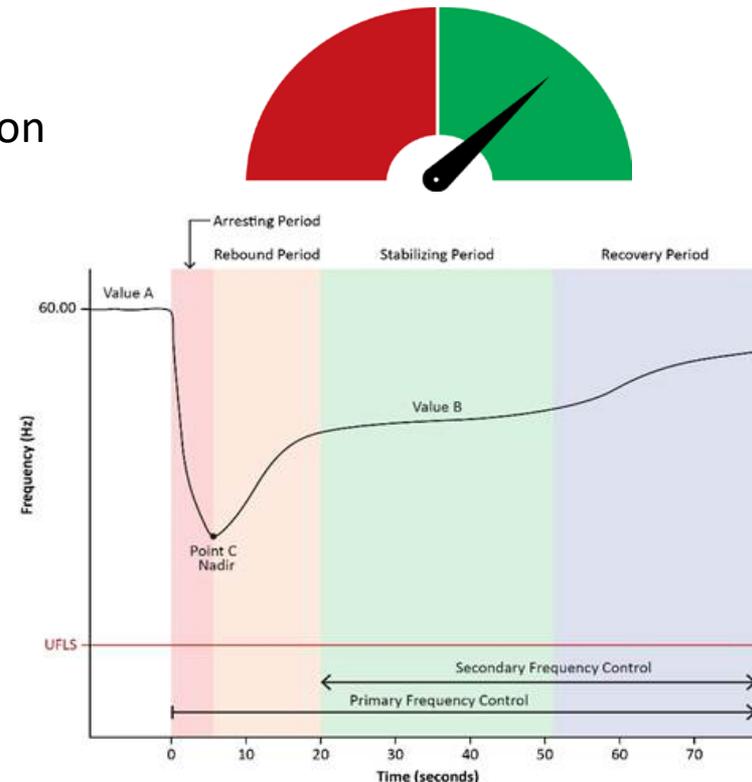


## Why is it important?

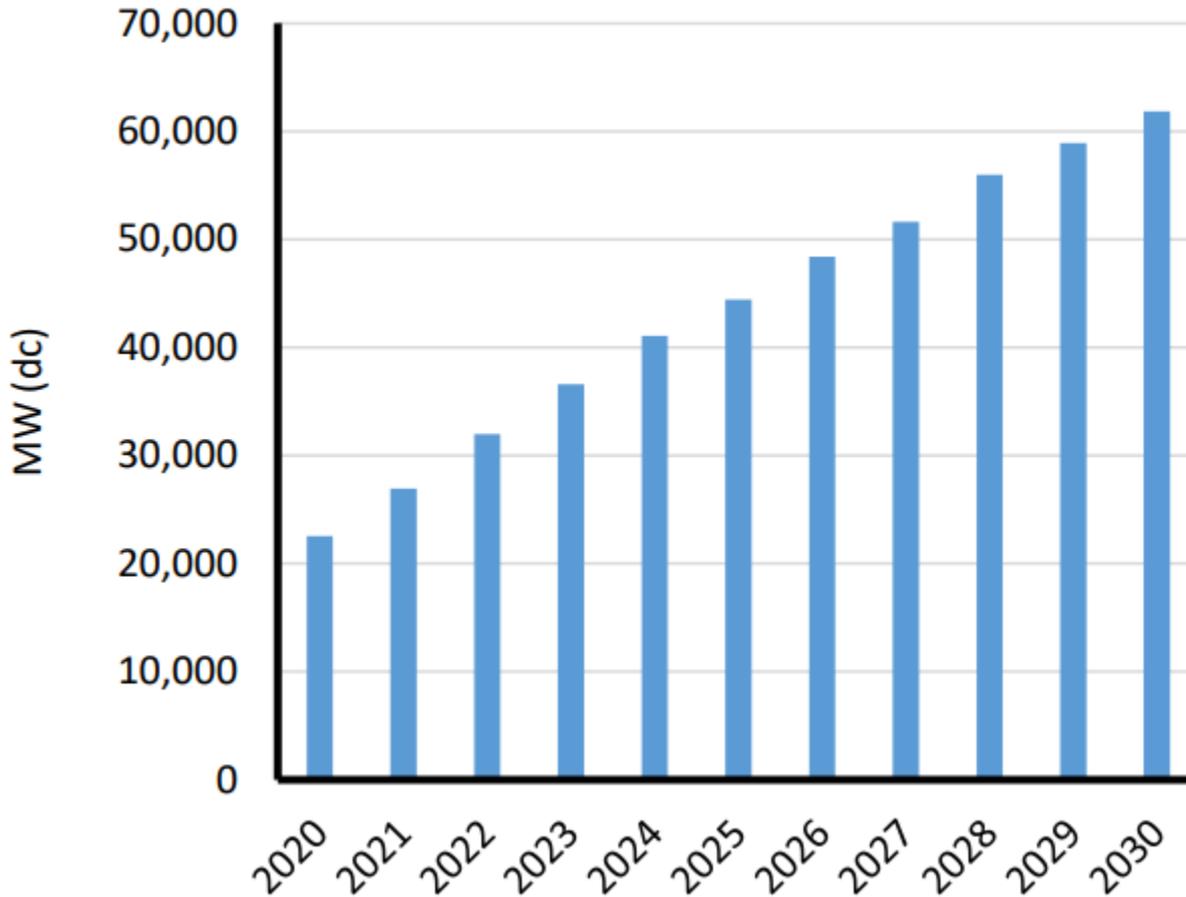
Measures risk and impact to the BPS by evaluating the trend in the magnitude of the decline in Interconnection frequency experienced in each Interconnection during low frequency events selected for BAL-003-1 compliance. The Indicator will evaluate whether the risk of activating under frequency load shed devices is increasing or decreasing.

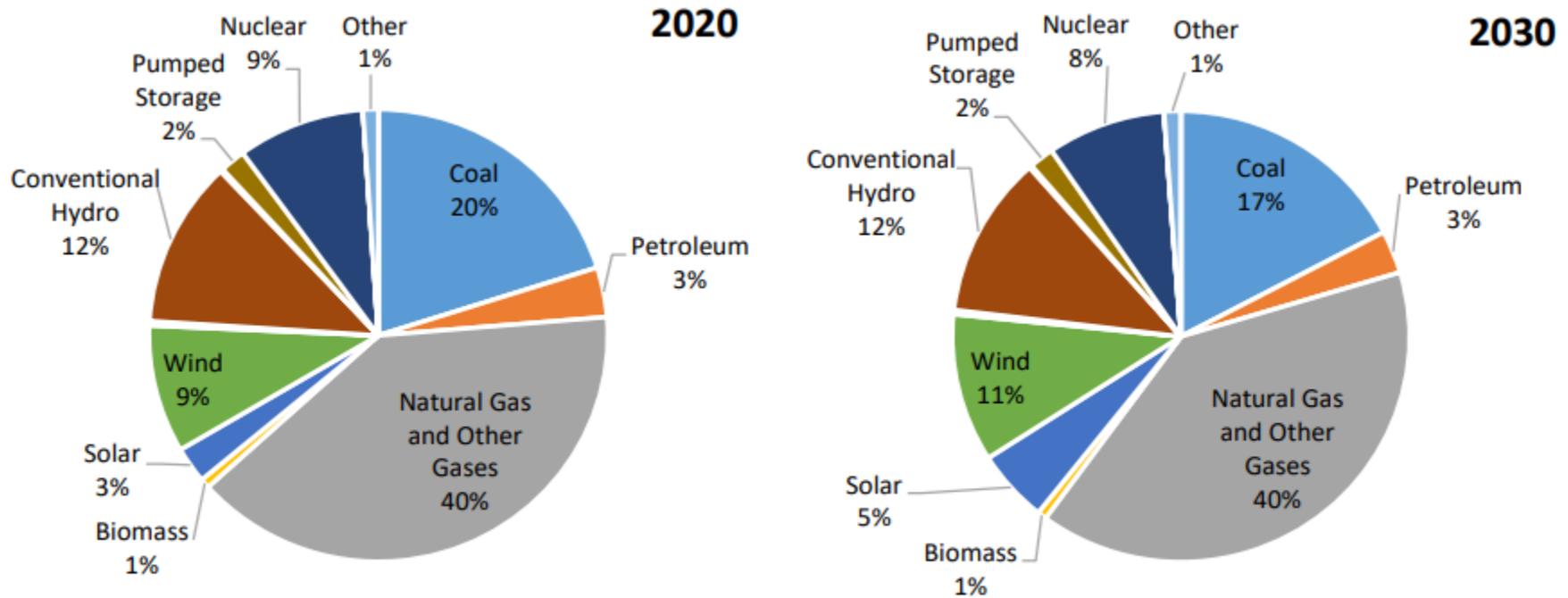
## How is it measured?

Success (green) is achieved when the linear regression line of the most recent four years of quarterly mean values of Frequency A minus Frequency C has a statistically significant negative slope or when the slope of the time trend is statistically neither increasing nor decreasing. This equates to either improvement or no decline in performance where Interconnection risk has not changed or declined. Failure (red) occurs if the slope of the time trend is increasing with statistical significance or if under frequency load shedding is activated for any single BAL-003 frequency event in any Interconnection.

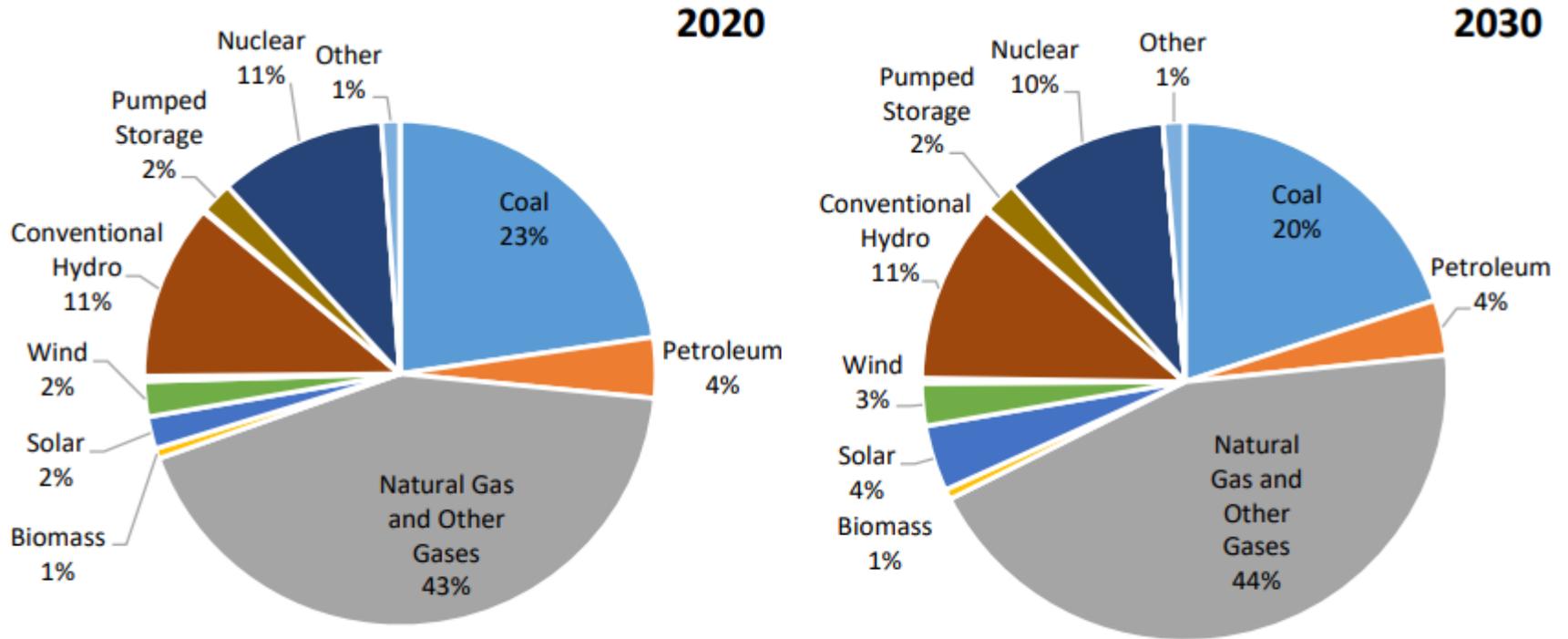


# Indicator 9: DER Penetration





**Figure 33: Installed Nameplate Capacity by Fuel Mix Trend (Includes Future Tier 1 Resources)**



**Figure 34: Installed On-Peak Anticipated Capacity Trend by Fuel Mix**



# Questions and Answers

## **Personnel Certification Governance Committee Report**

### **Action**

Information

### **Summary**

PCGC's first quarter meeting held on February 8-11, 2021 via WebEx.

Highlights from the February PCGC meeting include the following items:

- Michael Sandidge, PG&E, approved for membership replacing Dave Carlson.
- Working with exam vendor, PSI, to ensure exam-testing centers are in every Canadian Province.

Future items:

- Select a vendor for PCGC/Credential Maintenance Working Group (CMWG) Individual Learning Activity (ILA) Joint Task Force Credential Maintenance Research project in an effort to recommend evidence based continuing education hour (CEH) requirements for recertification of NERC Certified System Operators.

## Standards Committee Report

### Action

Information

### Background

Attached is the Standards Committee (SC) Quarterly Report highlighting activities over the last quarter.

At its January 20 meeting, the SC:

1. Elected representatives to the Standards Committee Executive Committee;
2. Authorized initial posting for Project 2019-06 Cold Weather for proposed Reliability Standards EOP-011-2, IRO-010-4 and TOP-003-5 and associated Implementation Plan;
3. Authorize initial posting for Project 2016-02 Modifications to CIP Standards for proposed Reliability Standards CIP-002-7, CIP-003-9, CIP-004-7, CIP-005-8, CIP-006-7, CIP-007-7, CIP-008-7, CIP-009-7, CIP-010-5, CIP-011-3, and CIP-013-3, associated definitions, and Implementation Plan;
4. Accepted the Standard Authorization Request (SAR) that was submitted by the Standards Efficiency Review team proposing to enhance the effective and efficient administration of operational data exchange required by NERC Reliability Standards IRO-010-21 and TOP-003-3, authorized posting of the SAR for 30-day formal comment period and authorized for solicitation of SAR Drafting Team (DT) members;
5. Accepted the SAR from the NERC Power Plant Modeling Verification Task Force (PPMVTF) to address the issues that exist with MOD-025-2 regarding verification and data reporting of generator active and reactive power capability, authorized posting of the SAR for 30-day informal comment, and authorized for solicitation of SAR DT members;
6. Accepted the SAR submitted by NERC System Protection and Control Subcommittee (SPCS) to revise Reliability Standard PRC-019-2, authorized posting of the SAR for a 30-day informal comment period, and authorize for solicitation of SAR DT members;
7. Accepted the SAR that was submitted by the System Protection and Control Working Group proposing to revise NERC Reliability Standard PRC-023-4, authorized posting of the SAR for a 30-day informal comment period and authorized for solicitation of SAR DT members;
8. Accepted the SAR submitted by the NERC Inverter-Based Resource Performance Task Force (IRPTF) to modify Reliability Standard PRC-002-, authorized posting of the SAR for a 30-day informal comment period and authorized for solicitation of SAR DT members;
9. Accepted the SAR submitted by the Inverter-Based Resource Performance Task Force (IRPTF) to revise Reliability Standard VAR-002-4.1, Requirement R3, authorized posting of the SAR for a 30-day informal comment period and authorized for solicitation of SAR DT members.

At its February 17 meeting, the SC:

1. Accept the revised Project 2020-03 Supply Chain Low Impact Revisions SAR, authorized drafting revisions to the Reliability Standard identified in the SAR; and appointed the SAR Drafting Team (DT) as the Project 2020-03 Standard Drafting Team (SDT);
2. Appointed members, chair, and vice chair to the SAR Drafting Team for Project 2020-05.

At its March 17, meeting, the SC:

1. Appointed chair, vice chair, and members to the Project 2020-06 Verifications of Models and Data for Generators SAR DT;
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March 29 the SC had an action without a meeting to:

1. Approve waiver of Section 4.12 of the Standard Processes Manual (SPM) for Project 2019-06 Cold Weather, to reduce the length of the additional formal comment and ballot period(s) from 45 days to as few as 25 days, with ballot(s) conducted during the last 10 days of the comment period.

On March 31, a special election for segment 4 started to fill a spot for the remainder of the 2021-2022 term.

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

Agenda Item 7c  
Board of Trustees Meeting  
May 13, 2021

# Reliability Standards

## Quarterly Report

May 13, 2021

RELIABILITY | RESILIENCE | SECURITY



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Suite 600, North Tower  
Atlanta, GA 30326  
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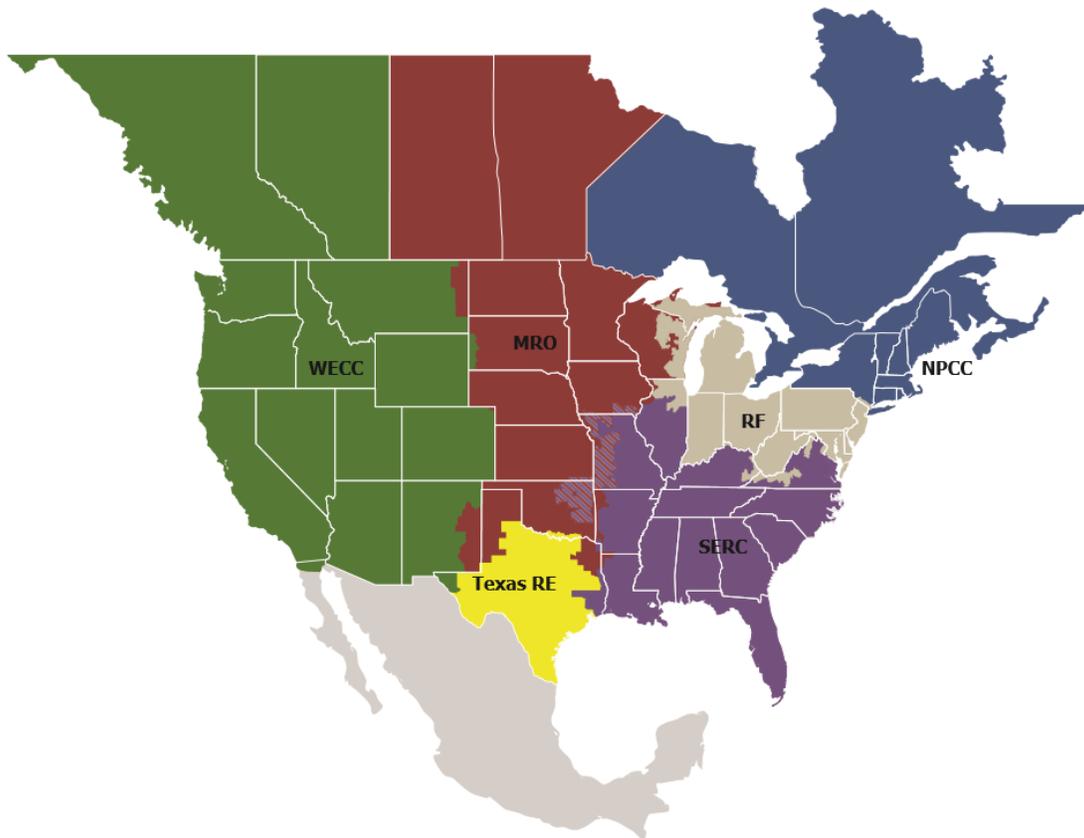
# Preface

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Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities (REs), is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

Reliability | Resilience | Security  
*Because nearly 400 million citizens in North America are counting on us*

The North American BPS is divided into six RE boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Region while associated Transmission Owners/Operators participate in another.



<b>MRO</b>	Midwest Reliability Organization
<b>NPCC</b>	Northeast Power Coordinating Council
<b>RF</b>	ReliabilityFirst
<b>SERC</b>	SERC Reliability Corporation
<b>Texas RE</b>	Texas Reliability Entity
<b>WECC</b>	Western Electricity Coordinating Council

# Chapter 1: Standards Development Forecast

## Board Forecast for Standard Projects in Active Development

The following projections reflect anticipated Board adoption dates for continent-wide Reliability Standards.

### May 2021

- Project 2015-09: Establish and Communicate System Operating Limits

### June 2021

- Project 2019-06: Cold Weather Preparedness

### November 2021 or after

- Project 2016- 02: Modifications to CIP Standards (virtualization)
- Project 2017-01: Modifications to BAL-003-1.1 (phase 2)
- Project 2019-02: BES Cyber System Information Access Management
- Project 2019-04: Modifications to PRC-005-6
- Project 2020-02: Transmission-connected Resources
- Project 2020-03: Supply Chain Low Impact Revisions
- Project 2020-04: Modifications to CIP-012-1
- 2020-06 Verifications of Models and Data for Generators
- 2021-01 Modifications to MOD-025 and PRC-019

## ANSI Reaccreditation

NERC filed for reaccreditation as a Standards Developer in accordance with the accreditation processes of the American National Standards Institute (ANSI) on July 1, 2019. NERC's request remains pending at this time.

## Projects with Regulatory Directives

Table 1 below lists the current projects with regulatory directives. As of March 31, 2021, there are two standards-related directives to be resolved through standards development activities (not including non-standards related directives).<sup>1</sup>

Project	Regulatory Directives	Regulatory Deadline
Project 2015-09: Establish and Communicate System Operating Limits*	1	N/A
Project 2020-04: Modifications to CIP-012-1	1	N/A

\* Proposed for adoption May 2021

<sup>1</sup> A third directive requires NERC to file quarterly updates in the project schedules for Project 2016-02 Modifications to CIP Standards and Project 2019-02 BES Cyber System Information Access Management. A fourth directive requires NERC to begin a formal process to assess the feasibility of voluntarily conducting BES operations in the cloud in a secure manner and to make an informational filing by January 1, 2022.

## Periodic Review of Registered Ballot Body Qualification Guidelines and Rules for Joining Segments

NERC staff intends to present a series of revisions to Section 300 and Appendix 3B and 3D to the Board in 2021, after the proposed changes have been posted for public comment.

## Trend in Number of Reliability Requirements

As NERC Reliability Standards continue to mature, NERC analyzes the trend in the total number of requirements in the United States since 2007 when Reliability Standards became enforceable.

The *US Effective Date Status/Functional Applicability*<sup>2</sup> spreadsheet was used to analyze the number of requirements based on the U.S. Effective Date for each requirement shown in the charts below. Figure 1 displays the Trend in Number of Requirements for Continent-Wide standards, while Figure 2 displays Regional Reliability Standards.<sup>3</sup> Standards with variances were not included in the requirement count. Projections from projects that include standards currently under development, board adopted standards and board approved retirements are also included in the total number of requirements based on their projected effective or inactive date.<sup>4</sup>

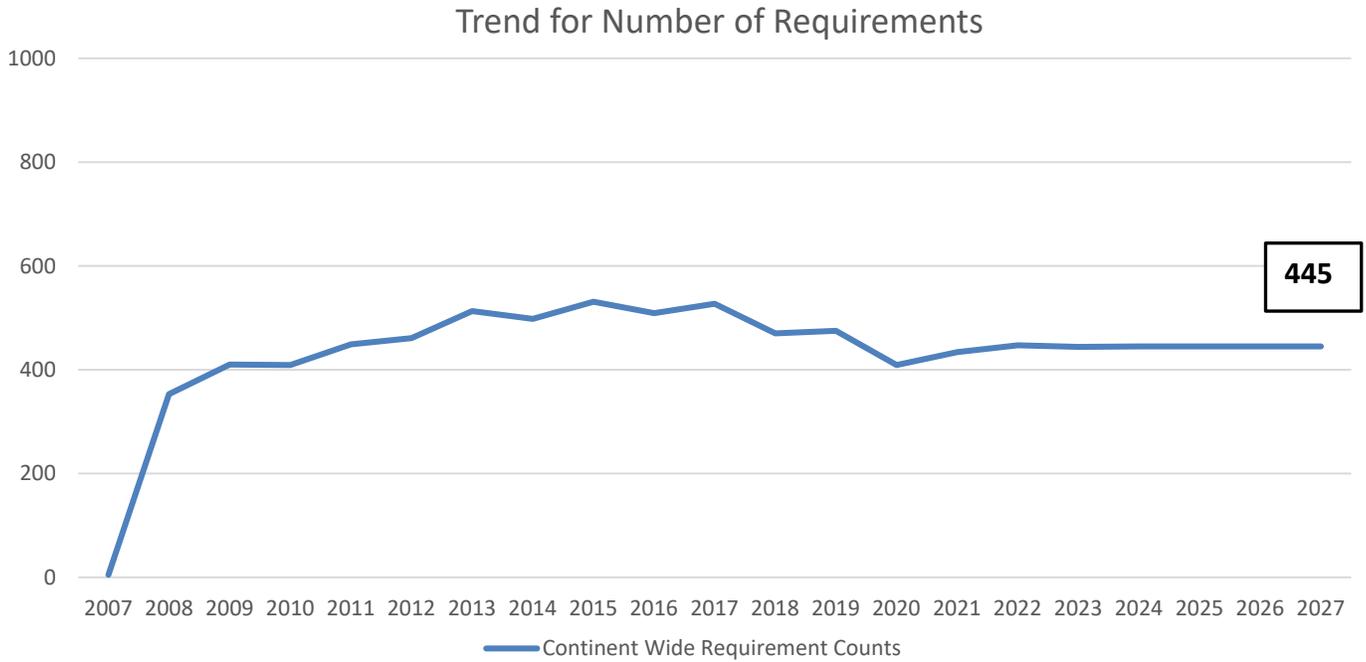
The trend for total number of requirements indicates a constant flat trend line for the last four years, with a significant decline from 2017 to 2018 for Continent-wide standards, and a significant decline in total number of requirements from 2016 to 2017 for Regional Reliability standards. Figure 1 indicates 445 continent-wide requirements; Figure 2 indicates 69 Regional Reliability standards forecast for 2027.

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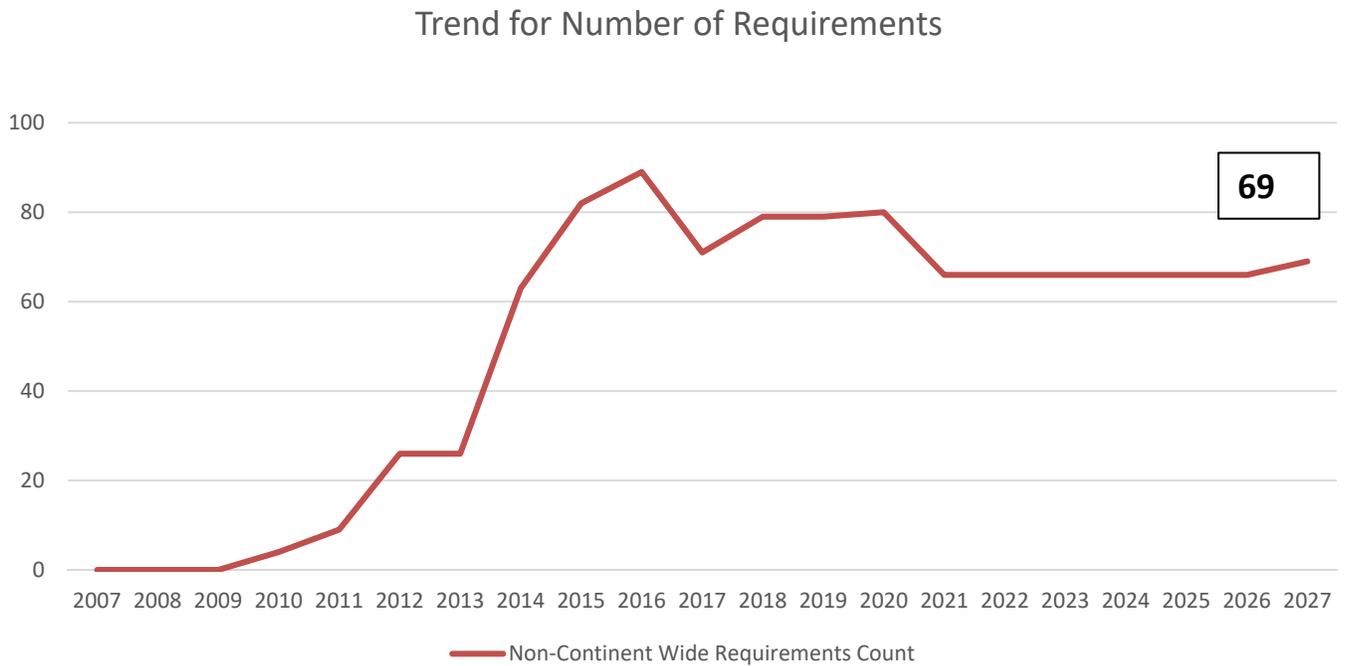
<sup>2</sup> Available from the Standards section of the NERC website: <http://www.nerc.com/pa/Stand/Pages/default.aspx>

<sup>3</sup> Charts were developed using end of Q4 2020 data.

<sup>4</sup> These projects include the following: Project 2015-09 (FAC-010-4, FAC-011-4, FAC-014-3), Project 2016-02 (CIP-003-7(i)), Project 2018-03 SER Retirements.



**Figure 2: Trend for Number of Requirements for Regional Reliability Standards**



## Chapter 2: Regulatory Update

### NERC FILINGS January 1, 2021 – March 31, 2021

FERC Docket No.	Filing Description	FERC Submittal Date
RD21-3-000	<a href="#">Petition for FAC-001-3 Errata</a> NERC submitted an errata for Reliability Standard FAC-001-3.	1/7/2021
RM20-17-000	<a href="#">Notice of Withdrawal of Proposed Reliability Standard CIP-002-6</a> NERC submitted a Notice of Withdrawal for Proposed Reliability Standard CIP-002-6.	2/5/2021
FA11-21-000	<a href="#">Compliance Filing in Response to January 2013 Order</a> NERC submitted an unaudited report of NERC's budget-to-actual variance information for the fourth quarter of 2020. This compliance filing was in accordance with FERC's January 16, 2013 Order, which approved a Settlement Agreement between the FERC Office of Enforcement and NERC, related to findings and recommendations arising out of its 2012 performance audit.	2/16/2021
RD21-4-000	<a href="#">NERC Petition for Approval of Proposed Reliability Standard FAC-008-5</a> NERC submits its petition for approval of proposed Reliability Standard FAC-008-5 - Facility Ratings.	2/19/2021
RR21-3-000	<a href="#">Petition for Approval of TexasRE Bylaws</a> NERC submitted a petition for approval of TexasRE Bylaws revisions.	2/25/2021
RR21-2-000	<a href="#">Petition of NERC for Approval of Revised SERC RSDP</a> NERC submitted a petition for approval of the revised SERC Regional Reliability Standards Development Procedure (RSDP).	2/25/2021

RM21-12-000	<p><a href="#"><u>Comments of NERC and the Regional Entities on NOPR</u></a></p> <p>NERC and the Regional Entities submitted comments on a NOPR proposal to revise Commission regulations regarding performance assessments of the Electric Reliability Organization (“ERO”)</p>	3/1/2021
RD20-2-000	<p><a href="#"><u>CIP SDT Schedule March Update Informational Filing</u></a></p> <p>NERC submitted to FERC an informational compliance filing as directed by FERC in its February 20, 2020 Order. This filing contains a status update on two standards development projects relating to CIP Reliability Standards.</p>	3/15/2021
RM20-16-000	<p><a href="#"><u>Comments of NERC on NOPR</u></a></p> <p>NERC submitted comments on the Federal Energy Regulatory Commission’s Notice of Proposed Rulemaking regarding Managing Transmission Line Ratings.</p>	3/22/2021
RR09-6-003	<p><a href="#"><u>2021 NERC Standards Report, Status and Timetable for Addressing Regulatory Directives</u></a></p> <p>NERC submitted its 2021 NERC Standards Report, Status and Timetable for Addressing Regulatory Directives. The annual report is in accordance with Section 321.6 of the NERC Rules of Procedure.</p>	3/29/2021

**FERC ISSUANCES**  
**January 1, 2021 – March 31, 2021**

ERC Docket No.	Issuance Description	FERC Issuance Date
RR19-7-001	<a href="#"><u>Order on Five-Year Compliance Filings</u></a> FERC issued an order on two compliance filings related to the 2019 NERC Five-Year Performance Assessment.	1/19/2021
RM21-12-000	<a href="#"><u>Revisions to Regulations on Electric Reliability Organization Performance Assessments</u></a> FERC issued a Notice of Proposed Rulemaking Regarding Revisions to Regulations on Electric Reliability Organization Performance Assessments.	1/19/2021
RD21-3-000	<a href="#"><u>Letter Order Approving Errata to Reliability Standard FAC-001-3</u></a> FERC issued a letter order approving an errata to Reliability Standard FAC-001-3.	2/19/2021
RD21-2-000	<a href="#"><u>Letter Order approving Reliability Standards CIP-013-2, CIP-005-7, and CIP-010-4</u></a> FERC issued an order approving Reliability Standards CIP-013-2, CIP-005-7, and CIP-010-4 addressing supply chain cybersecurity risk management.	3/18/2021
EL21-13-000	<a href="#"><u>Order Dismissing Complaint by CGNP</u></a> FERC issued an order denying the Complaint by Californians for Green Nuclear Power, Inc. ("CGNP") v. The North American Electric Reliability Corporation et al under EL21-13.	3/18/2021

## Chapter 3: Standards Committee Report

---

### Summary

This report highlights some of the key activities of the Standards Committee (SC) during the first quarter of 2021.

At its January 20 meeting, the SC:

1. Elected representatives to the Standards Committee Executive Committee;
2. Authorized initial posting for Project 2019-06 Cold Weather for proposed Reliability Standards EOP-011-2, IRO-010-4 and TOP-003-5 and associated Implementation Plan;
3. Authorize initial posting for Project 2016-02 Modifications to CIP Standards for proposed Reliability Standards CIP-002-7, CIP-003-9, CIP-004-7, CIP-005-8, CIP-006-7, CIP-007-7, CIP-008-7, CIP-009-7, CIP-010-5, CIP-011-3, and CIP-013-3, associated definitions, and Implementation Plan;
4. Accepted the Standard Authorization Request (SAR) that was submitted by the Standards Efficiency Review team proposing to enhance the effective and efficient administration of operational data exchange required by NERC Reliability Standards IRO-010-21 and TOP-003-3, authorized posting of the SAR for 30-day formal comment period and authorized for solicitation of SAR Drafting Team (DT) members;
5. Accepted the SAR from the NERC Power Plant Modeling Verification Task Force (PPMVTF) to address the issues that exist with MOD-025-2 regarding verification and data reporting of generator active and reactive power capability, authorized posting of the SAR for 30-day informal comment, and authorized for solicitation of SAR DT members;
6. Accepted the SAR submitted by NERC System Protection and Control Subcommittee (SPCS) to revise Reliability Standard PRC-019-2, authorized posting of the SAR for a 30-day informal comment period, and authorize for solicitation of SAR DT members;
7. Accepted the SAR that was submitted by the System Protection and Control Working Group proposing to revise NERC Reliability Standard PRC-023-4, authorized posting of the SAR for a 30-day informal comment period and authorized for solicitation of SAR DT members;
8. Accepted the SAR submitted by the NERC Inverter-Based Resource Performance Task Force (IRPTF) to modify Reliability Standard PRC-002-, authorized posting of the SAR for a 30-day informal comment period and authorized for solicitation of SAR DT members;
9. Accepted the SAR submitted by the Inverter-Based Resource Performance Task Force (IRPTF) to revise Reliability Standard VAR-002-4.1, Requirement R3, authorized posting of the SAR for a 30-day informal comment period and authorized for solicitation of SAR DT members.

At its February 17 meeting, the SC:

1. Accept the revised Project 2020-03 Supply Chain Low Impact Revisions SAR, authorized drafting revisions to the Reliability Standard identified in the SAR; and appointed the SAR Drafting Team (DT) as the Project 2020-03 Standard Drafting Team (SDT);
2. Appointed members, chair, and vice chair to the SAR Drafting Team for Project 2020-05.

At its March 17, meeting, the SC:

1. Appointed chair, vice chair, and members to the Project 2020-06 Verifications of Models and Data for Generators SAR DT;

2. Authorized soliciting nominations for a SDT to determine appropriate criteria for defining low impact Transmission Owner Control Centers (TOCC) in the CIP-002 Reliability Standard and assigned that portion of the Project 2016-02 SAR that relates to TOCC to the SDT;
3. Endorsed the Standing Committees Coordinating Group (SCCG) Scope document.

March 29 the SC had an action without a meeting to:

1. Approve waiver of Section 4.12 of the Standard Processes Manual (SPM) for Project 2019-06 Cold Weather, to reduce the length of the additional formal comment and ballot period(s) from 45 days to as few as 25 days, with ballot(s) conducted during the last 10 days of the comment period.

March 31 a special election for segment 4 started to fill a spot for the remainder of the 2021-2022 term.

## Compliance and Certification Committee (CCC) Board Report

### Action

Information

### Highlights

The CCC convened its first quarter meeting via WebEx on March 17-18, 2021.

- As part of the duties included in the CCC Charter, the Committee is responsible for providing comments and recommendations to the NERC Board and NERC Management regarding stakeholder perceptions of the policies, programs, practices, and effectiveness of the Compliance Monitoring and Enforcement Program and the Organization Registration and Certification Programs, as well as elements of the Reliability Standards Development process. The ERO Monitoring Subcommittee (EROMS) presented a draft of the 2021 Stakeholder Perceptions Work Plan associated with the CCC's Stakeholder Perceptions Feedback Program. The 2021 Plan reflects the following areas:
  - Compliance Oversight Plans
  - Risk-based Standards and Compliance Oversight
  - Registration & Certification Processes
  - Self-Logging Processes and Evidence Requirements
  - Align and Secure Evidence Locker Implementation Experience
  - Facility Ratings
  - Supply Chain Risk Management

A report, "Stakeholder Perceptions Feedback Summary," reviewing the results of these areas along with any Committee recommendations, will be prepared by EROMS upon completion of the annual Stakeholder Perception Work Plan.

- The Committee conducted a stakeholder perceptions feedback activity through an extended group discussion focusing on Compliance Oversight Plans, an element of the Compliance Monitoring and Enforcement Program. The CCC members appreciated the participation and diligent engagement from the ERO Enterprise, as well as feedback received from numerous sectors prior to the meeting. The CCC Executive Committee (CCCEC) will be engaging with NERC to debrief on the activity in response to stakeholder perceptions observed or received, with consideration to any recommendations for action, additional outreach, or need for further details on any issues.
- The Committee reviewed and endorsed the NERC Standing Committee Coordination Group scope document.
- The Alignment Working Group (AWG), after some consideration of the scope of its activities, recommended to the Committee to disband the group and have all of its activities subsumed by the CCCEC. With the program alignment activities established and proceduralized, the scope was more strongly in purview of the leadership of the full

Committee. Furthermore, the strong collaboration with the ERO leadership and management support make the suggested change more effective and efficient for all parties. The Committee appreciates the work of all its members that have served on the AWG. To ensure the balanced stakeholder feedback provided from the AWG continues, the CCC Chair will be appointing additional CCC members to the CCCEC to facilitate the AWG scope items.

- The Committee finalized the work of the Functional Model Task Force by accepting and approving a series of technical recommendations for consideration by the ERO. Upon acceptance, the Committee expressed appreciation for the work that was completed and took action to dissolve the task force. The CCC acknowledges the important collaboration undertaken with the Standards Committee to complete the work of the task force.
- The Committee received updates from all subcommittees, working groups, and task forces operating on behalf of the full committee in execution of the Committee mandate and ongoing activities.
- The Committee received updates on several initiatives from NERC management and conducted associated discussions. The topics included a status update on the following topics:
  - Align Project Update,
  - Evidence Request Tool v5.0,
  - ERO Enterprise Quarterly Compliance Podcast,
  - Implementation Guidance Webinar Debrief,
  - COVID-19 Activity update,
  - Facility Ratings Activities, and
  - Internal Audit Updates.

The next CCC meeting will be held June 8-10, 2021 via WebEx. We appreciate the continued collaboration with NERC management in support of the Committee's efforts.

## Reliability and Security Technical Committee Report

### Action

#### Information

### Reliability and Security Technical Committee's (RSTC) Highlights

The RSTC held a meeting March 2-3 via WebEx. Here are some of the highlights:

- The RSTC voted to disband the Security and Reliability Training Working Group (SRTWG). The work of the SRTWG focused on train-the-trainer activities (out of scope for a technical committee) and was duplicative with work done in the regions as well as the NATF.
- The RSTC voted to disband the Geomagnetic Disturbance Task Force (GMDTF). The GMDTF has completed its work scope and will be transitioning the monitoring of GMD events to the Real Time Operating Subcommittee.
- The RSTC approved scope documents for the Performance Analysis Subcommittee, Event Analysis Subcommittee and the Security Working Group.
- The RSTC approved the scope and work plan of the Energy Reliability Assessment Task Force (ERATF).
- The RSTC approved the RSTC Work Plan.
- The RSTC Endorsed the Special Assessment: NERC Energy Management System Performance Special Assessment (2018–2019).
- The RSTC approved the White Paper: Possible Misunderstandings of the Term “Load Loss”.
- The RSTC endorsed the Standing Committees Coordinating Group (SCCG) Scope.
- The RSTC Approved the Reliability Guideline: Model Verification of Aggregate DER Models used in Planning Studies and the Battery Energy Storage Systems (BESS) and Hybrid Power Plant Modeling and Performance Guideline.

### Future Actions

- RSTC Meeting dates are set for 2021:
  - June and September meetings will be virtual
  - December meeting TBD
- RSCT/RISC Quarterly coordination meetings are scheduled for 2021

## **Reliability Issues Steering Committee Report**

### **Action**

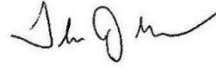
Information

### **Summary**

The RISC met virtually via WebEx on April 8, 2021 to review the progress on the Committee's 2021 Work Plan Priorities and the progress on the development of the 2021 ERO Risk Priorities Report. In addition, the Committee reviewed and accepted the scope for the Standing Committees Coordinating Group. Chair Peeler also provided an update to the Committee on the coordination meetings with the leadership of the Reliability and Security Technical Committee.

Chair Peeler will provide further highlights of the Committee's work at the Board of Trustees meeting on May 13.

**To:** NERC Board of Trustees (BOT)  
**From:** Thomas J. Galloway, NATF President and CEO  
**Date:** April 12, 2021  
**Subject:** NATF Periodic Report to the NERC BOT (May 2021)  
**Attachments:** NATF External Newsletter (April 2021)



The NATF interfaces with the industry as well as regulatory agencies on key reliability, resiliency, security, and safety topics to promote collaboration, alignment, and continuous improvement, while reducing duplication of effort. Some examples are highlighted below and in the attached NATF external newsletter, which is also available on our public website: [www.natf.net/news/newsletters](http://www.natf.net/news/newsletters).

## NATF-NERC Leadership Meetings

NATF and NERC leadership meet periodically to discuss collaborative work and industry topics. The most-recent call, on March 29, included discussions on facility ratings, vegetation management practices, security, resource adequacy, and pandemic response.

## COVID-19 Response

The NATF continues to work with members and industry partners, including NERC, regarding the COVID-19 pandemic. As noted in the newsletter, the NATF and NERC recently hosted a well-attended webinar on pandemic-response activities.

## Facility Ratings

The NATF is working with its members to socialize and review member implementation of facility ratings practices developed by a team of subject-matter experts from NATF member companies. The NATF provided an initial summary report on member overall implementation status to NERC and regional entity leadership in early March and will provide updates approximately every six months, with the next report expected towards the end of the third quarter of 2021. See more about NATF work in the attached newsletter.

## NATF Supply Chain Work

As noted in the attached newsletter, the NATF and the Industry Organizations Team are working through the annual review process of the NATF Criteria and Questionnaire.

## NERC and E-ISAC Security Efforts

We appreciate NERC and E-ISAC leadership on recent security events, such as the SolarWinds and Microsoft Exchange compromises.

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# North American Transmission Forum External Newsletter

April 2021

## NATF and NERC Host Webinar on Pandemic Planning and Response Activities

On March 17, the NATF and the North American Electric Reliability Corporation (NERC) hosted a webinar on pandemic planning and response activities as well as resources available to industry. Opening remarks were provided by Commissioner Neil Chatterjee, Federal Energy Regulatory Commission; Tom Galloway, president and CEO of the NATF; and Manny Cancel, senior vice president of NERC and CEO of the Electricity Information Sharing and Analysis Center (E-ISAC). The webinar featured presentations on pandemic activities of the following organizations:

- NATF
- NERC
- E-ISAC
- Electricity Subsector Coordinating Council (ESCC)
- Electric Power Research Institute (EPRI)
- European Network of Transmission System Operators for Electricity (ENTSO-E)
- European Commission (Directorate-General for Energy)

Presentations are posted on the NATF website: <https://www.natf.net/industry-initiatives/covid-19>.

\*\*\*

## NATF Hosting Virtual Seminars for Members

The health and safety of our staff and members remains our top priority. We continue to work with members and monitor updates from the Centers for Disease Control and Prevention (CDC) and state and local authorities to help inform our decisions about when to return to in-person activities.

The NATF has conducted virtual activities since its inception, and our membership is adept at exchanging information and sharing lessons learned in this format. Since the start of the pandemic, we have continued our standard virtual activities and converted some in-person meetings to webinars. We have also been hosting special webinars on specific topics, including emerging industry issues and pandemic response. We are now adding virtual seminars, which will serve as alternatives for some of our annual in-person workshops. The seminars will allow us to continue adding value to the membership and enable some of the key information-sharing and networking aspects of our workshops.

\*\*\*

## Facility Ratings Practices Implementation

The NATF continues to work with its members to socialize and review member implementation of facility ratings practices developed by a team of subject-matter experts from NATF member companies. The “NATF Facility Ratings Practices Document”—published for members in mid-2020—provides guidance for establishing

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sustainable programs, processes, and internal controls to help ensure that facility ratings are accurate and that ratings for equipment and facilities are documented and communicated. The NATF facility ratings practices are consistent with and align with practices and controls suggested by the ERO Enterprise in its November 2019 facility ratings problem statement and in reports and webinars conducted by NERC and the regional entities.



The NATF provided an initial summary report on overall member implementation status to NERC and regional entity leadership in early March and will provide updates approximately every six months, with the next report expected towards the end of the third quarter of 2021.

In addition, NATF staff participates in the joint Compliance and Certification Committee and Reliability and Security Technical Committee Facility Ratings Task Force (FRTF) to help ensure the NATF and FRTF efforts are complementary and not duplicative as the FRTF works to assess the potential reliability risk of facility ratings discrepancies.

\*\*\*

## NATF Continues Work on Supply Chain Risk Management

The NATF continues work for the adoption of the “Supplier Cyber Security Assessment Model,” which provides a strong foundation to address supply chain risks through a five-step process. Current highlights are noted below.

**Continued Refinement of the NATF Questionnaire and Criteria—Comments on Revisions.** The NATF has conducted the annual revision [process](#) for the NATF “Energy Sector Supply Chain Risk Questionnaire”

(Questionnaire) and the “NATF Cyber Security Criteria for Suppliers” (Criteria) to enhance convergence on the information collected from suppliers. The revisions were posted for industry-wide comment through April 2. Final changes will be provided to the NATF board for approval in June; upon approval, the revised Questionnaire and Criteria will be posted on the NATF public website.



**Industry Organization Team Goals for 2021.** The NATF continues to work externally on supply chain risk management with the Industry Organizations Team consisting of entities, suppliers, third-party assessors, and solution providers. The team has established goals to guide 2021 activities, including the following:

- Adoption of the NATF “Supplier Cyber Security Assessment Model”
- Monitoring of threat and governmental/regulatory landscapes

Learn more about the Industry Organizations Team and projects supporting the 2021 goals at <https://www.natf.net/industry-initiatives/supply-chain-industry-coordination>.

\*\*\*

## Redacted Operating Experience Reports

Since our last newsletter, we have posted five reports to the “[Documents](#)” section of our public site for members and other utilities to use internally and share with their contractors to help improve safety, reliability, and resiliency.

\*\*\*

*For more information about the NATF, please visit [www.natf.net](http://www.natf.net).*



## North American Generator Forum

**TO: NERC Board of Trustees  
James B. Robb, President and CEO**

**FROM: Wayne D. Sipperly Jr, Executive Director, North American  
Generator Forum (NAGF)**

**DATE: April 27, 2021**

**SUBJECT: NAGF 2021 Spring Report**

---

The NAGF continues to provide its members with the opportunity to share their plans for business operations in the “new normal” via webinars and the NAGF Groupsite discussion board.

The NAGF is actively engaged in the following NERC Projects to help ensure the generator sector perspective is heard and understood:

- NERC Project 2017-01: Modifications to BAL-003
- NERC Project 2019-04: Modifications to PRC-005-6
- NERC Project 2019-06: Cold Weather
- NERC Project 2021-01 Modifications to MOD-025 and PRC-019

The NAGF has quarterly webinars to enhance communication and engage NAGF membership regarding recent NAGF activities, upcoming initiatives, and to acquire feedback regarding activities of interest. The NAGF 1Q2021 Member Webinar was held on March 18, 2021 with over 100 participants.

The NAGF expanded its working group offerings to include a working group dedicated to physical security. This new working group is focused on the sharing of generator physical security issues as well as promoting physical security practices, threat mitigation strategies, incident prevention/response, training, and other relevant topics to enhance generator physical security and reliability. The NAGF Physical Security Working Group held its inaugural virtual meeting on February 25, 2021. This working group will meet quarterly and is open to all NAGF members.

Representatives of the NAGF and NATF held a conference call on April 8<sup>th</sup> to explore opportunities for the forums to work together on issues resulting from the 2021 Midwest and

South-Central states cold weather event as well as other areas such as supply chain, the resilience maturity model, and various transmission/generation interdependencies.

The NAGF continues to move forward with the redesign of its existing NAGF public and members-only websites to provide a single website with the capabilities to support and sustain the future growth of the organization. Testing of the new website began in late March 2021. Go-live for the new website is anticipated to occur in late April/early May 2021.