

Minutes Board of Trustees

August 20, 2020 | 2:00–4:30 p.m. Eastern

Conference Call

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 August 20, 2020, at 2:00 p.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

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

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Thomas Coleman, Director, Risk Issue Management, Reliability Standards
Howard Gugel, Vice President, Engineering and Standards
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Mark Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
John Moura, Director, Reliability Assessment and Technical Committees
Steven Noess, Director, Regulatory Programs
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, acknowledging the presence of Commissioner McNamee from the Federal Energy Regulatory Commission (“FERC”); Mr. Bruce Walker and Mr. Alexander Gates, from the Department of Energy; Mr. David Morton, Canada’s Energy and Utility Regulators (“CAMPUT”) Representative to NERC; Mr. Francis Bradley, President and CEO of the Canadian Electricity Association; Ms. Allen, NERC's newest Trustee; and Ms. Kelly Hanson, NERC's Senior Vice President and Chief Administrative Officer. He thanked Mr. Robb and NERC staff for their work amid COVID-19 and reported that the November Board meetings will be held online.

Mr. Robb introduced Ms. Kelly and summarized her background.

Consent Agenda

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

Minutes

The draft minutes for the July 23, 2020 and May 14, 2020 meetings were approved as presented to the Board at this meeting.

Committee Membership and Charter Amendments

Compliance and Certification Committee Membership

RESOLVED, that the Board hereby approves the term extension of current Compliance and Certification Committee (“CCC”) members, as follows:

<u>Member</u>	<u>Sector</u>	<u>Current End of Term</u>	<u>Revised End of Term</u>
John Allen	State/Municipal Utility	8/16/2021	12/31/2022
Yee Chou	Regional Entity/At-large	8/10/2020	12/31/2020
Jim Crawford	Small End-Use Customer	8/15/2022	12/31/2022
Jodirah Green	Electricity Marketer	11/9/2020	12/31/2020
Mark Hegerle	U.S. Federal	8/15/2022	12/31/2022
Martha Henson	Regional Entity/At-large	2/7/2022	12/31/2022
Justin MacDonald	Cooperative Utility	11/5/2022	12/31/2022
Steve McElhaney	Regional Entity/At-large	11/9/2020	12/31/2020
Lisa Milanes	Regional Entity/At-large	11/9/2020	12/31/2021
Keith Porterfield	Cooperative Utility	5/10/2021	12/31/2021
Ashley Stringer	Transm’n Dependent Utility	11/5/2022	12/31/2022
Jami Young	Regional Entity/At-large	8/15/2022	12/31/2022

Reliability Issues Steering Committee Charter Amendments

RESOLVED, that the Board hereby approves the amended Reliability Issues Steering Committee (“RISC”) charter, substantially in the form presented to the Board at this meeting, to replace the RISC charter approved by the Board on May 7, 2015.

Regular Agenda

Remarks and Reports

Remarks by Francis Bradley, President and CEO, CEA

Mr. Thilly introduced Mr. Bradley, President and Chief Executive Officer of CEA. Mr. Bradley thanked NERC leadership for the invitation to speak at the Board Open Meeting, and highlighted the importance of grid reliability amid the pandemic. He noted that meeting the challenges presented by COVID-19 requires sharing best practices and coordination between regulators and entities across North America.

Remarks by Bernard L. McNamee, Commissioner, FERC

Mr. Robb introduced Commissioner McNamee of FERC. Commissioner McNamee remarked on the importance of NERC's development of white papers and Reliability Standards and NERC's work amid COVID-19, noting that there is still more to be done. He highlighted the importance of NERC's continued work on supply chain and physical and cyber security matters.

Remarks by Bruce Walker, Assistant Secretary, DOE and Alexander Gates, Director, CESER, DOE

Mr. Thilly introduced Mr. Walker, Assistant Secretary, Office of Electricity, at DOE. Mr. Walker remarked that NERC and DOE continue to work together to address resilience and reliability. He discussed upcoming projects funded by DOE and noted the importance of the Grid Storage Launchpad, a new public-project to support large –scale energy storage. Mr. Walker noted DOE's continued work with asset owners on critical defense facilities and commented on the May 15, 2019 Executive Order on Securing the Information and Communications Technology and Services Supply Chain.

Mr. Robb introduced Mr. Gates, Director, Office of Cybersecurity, Energy Security, and Emergency Response (CESER), at DOE. Mr. Gates acknowledged NERC's extensive coordination with DOE and outlined a strategic review of the CESER office, which is focused on enhancing DOE's capabilities to provide unique insights into threats facing the grid.

President's Report

Mr. Robb emphasized the importance of cooperation and coordination and the criticality of NERC's mission in light of recent weather events and the pandemic. He acknowledged NERC's work with the Commission, DOE, the North American Transmission Forum (NATF), and the Electric Power Research Institute. He expressed his appreciation to the ERO Enterprise in its seamless transition to working remotely amid COVID-19.

Ms. Sara Patrick remarked on the importance of the ERO Enterprise leveraging their knowledge and resources to manage risk to the grid. She remarked on the ERO Enterprise transformation, including increased communication and collaboration pertaining to Compliance Monitoring and Enforcement Program (CMEP) activities.

Report on the August 17 Board of Trustees Closed meeting and the August 18, 2020 Annual Meeting of the NERC Board of Trustees and Canadian Regulators

Mr. Thilly reported that, on August 17, 2020, as is its custom, the Board met in closed session discuss NERC management activities. He also reported that, on August 18, 2020, the NERC Board of Trustees met with Canadian Regulators. Mr. Thilly introduced Mr. David Morton. Mr. Morton commented on the meeting between the NERC Board of Trustees and Canadian Regulators, including their shared interest in maintaining grid reliability during the pandemic.

Board Committee Reports

Corporate Governance and Human Resources

Mr. Hawkins, Committee Chair, welcomed Ms. Allen and Ms. Hanson to the meeting and reported on the Committee's closed meeting on August 17, 2020 and open meeting on August 19, 2020. At the closed meeting, the Committee received an update on NERC's post-COVID future and the ERO 2020 Work Plan Priorities, and reviewed the 2021 Work Plan Priorities. At the open meeting, the Committee received a staffing update and discussed NERC's responsible return to the office.

Compliance

Ms. Shori, Committee Chair, welcomed Ms. Allen to the meeting and reported on the executive meeting of the Committee on August 18, 2020. She noted that the Committee approved one Full Notice of Penalty and received an update on CMEP activities in Canada.

Finance and Audit

Second Quarter Unaudited Financial Statements

Mr. Clarke, Committee Chair, reported on the open meeting of the Committee held on August 19, 2020 to review the second quarter 2020 unaudited results of operations. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby accepts the Second Quarter 2020 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Results, as presented to the Board at this meeting.

NERC and Regional Entity Proposed 2021 Business Plans and Budgets and Associated Assessments

Mr. Clarke reported that the Committee reviewed the NERC and Regional Entity Proposed 2021 Business Plans and Budgets and associated assessments. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the following, substantially in the form presented to the Board at this meeting:

1. The proposed 2021 NERC Business Plan and Budget;
2. The proposed 2021 Business Plans and Budgets of the Regional Entities and the Western Interconnection Regional Advisory Board; and
3. The proposed 2021 assessments to recover the costs of the approved 2021 budgets, subject to adjustments to reflect final Net Energy for Load numbers, together with such other adjustments as may be necessary.

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.

Annual Renewal of Unsecured Line of Credit

Mr. Clarke also reported that the Committee reviewed the renewal of the unsecured line of credit. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby approves the renewal of the unsecured line of credit for emergency working capital needs or unforeseen contingencies.

FURTHER RESOLVED, that NERC management is hereby authorized to take such actions as are necessary to finalize and execute the credit facility documentation, consistent with the parameters of the confidential term sheet provided by the lender.

Enterprise-Wide Risk

Ms. Sidford, Committee Chair, reported that the Committee met in closed session on August 11, 2020. At its meeting, the Committee reviewed: (i) the status of the 2020 Audit Plan; (ii) NERC's process for identifying risks, assessing mitigation, and determining risk rankings; and (iii) Compliance and Certification Committee ("CCC") activities.

Technology and Security

Ms. Keenan, Committee Chair, reported that the Committee met in open session on August 19, 2020 to discuss items including: (i) ERO Enterprise Business Technology Projects; (ii) the ERO Enterprise Align project; and, (iii) the ERO Enterprise Secure Evidence Locker.

Nominating

Mr. DeFontes, Committee Chair, reported on the U.S. Trustee search.

Report by Rob Manning on Standards Quarterly Activities

Mr. Manning reported on the recent Standards Committee meetings, including the addition of members to the cold weather Standards Authorization Request (SAR) Drafting Team and work related to inverter-based resources.

Standards Quarterly Report and Actions

WECC Regional Variance PRC-006-5 Automatic Underfrequency Load Shedding

Mr. Gugel presented the proposed Reliability Standard. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby adopts the proposed Reliability Standard PRC-006-5, 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 proposed retirement of Reliability Standard PRC-006-4, 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.

Northeast Power Coordinating Council Regional Standard Processes Manual Modifications

Mr. Gugel presented the proposed modifications to the Northeast Power Coordinating Council Regional Standard Processes Manual. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the modifications to the Northeast Power Coordinating Council (“NPCC”) Regional Standard Processes Manual, 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 noted the SAR in development pertaining to supply chain low impact revisions and the coordination with the NATF and DOE on supply chain matters.

Other Matters and Reports

Policy Input and Member Representatives Committee Meeting

Mr. Thilly reported on the discussion of policy input items and technical updates at the MRC meeting.

E-ISAC Long-Term Strategic Plan

Mr. Cancel presented the proposed E-ISAC Long-Term Strategic Plan. Upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, in 2017, the Electricity Information Sharing and Analysis Center (“E-ISAC”) developed the E-ISAC Long-Term Strategic Plan (“Strategic Plan”) to articulate the E-ISAC’s mission and priorities, and focus its resources to help the electric sector protect against and mitigate the risks of escalating cyber and physical security threats.

WHEREAS, the E-ISAC developed the Strategic Plan with guidance from the Electricity Subsector Coordinating Council’s (“ESCC”) Member Executive Committee (“MEC”), an advisory committee established by the ESCC to provide high level industry guidance to NERC on the operation of the E-ISAC.

WHEREAS, in April and May of 2017, the MEC endorsed and the Board accepted the E-ISAC Strategic Plan, respectively.

WHEREAS, as part of management’s planning efforts for 2020-2021, the E-ISAC assessed the Strategic Plan to confirm the E-ISAC’s strategic and operational focus, evaluate and refine its products and services, optimize resource planning, and identify additional areas to provide value to members.

WHEREAS, based on that assessment, the E-ISAC has updated the Strategic Plan in consultation with the MEC, the MEC has endorsed the updated plan, and the Technology and Security Committee (“TSC”) has recommended that the Board accept the updated plan.

RESOLVED, that the Board does hereby convey its gratitude to NERC staff and the MEC, for their work on the Strategic Plan, and to the Member Representatives Committee (“MRC”) for the policy input provided.

FURTHER RESOLVED, that the Board hereby accepts the proposed changes to the E-ISAC Long-Term Strategic Plan, substantially in the form presented to the Board at this meeting. The Board further directs NERC staff, in consultation with the MEC, to review the policy input from the MRC and others and make appropriate improvements to the Strategic Plan based on those comments. Any resulting changes should be reported to the Board’s Technology and Security Committee.

Rules of Procedure Amendments for Second Five-Year Performance Assessment Compliance Filing

Mr. Noess presented the proposed revisions to the NERC Rules of Procedure. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, the proposed revisions to Sections 500 and 1003; and Appendices 2 (Definitions Used in the Rules of Procedure), 4B (Sanction Guidelines), 5A (Organization Registration and Certification

Manual), 5B (Statement of Compliance Registry Criteria), and 5C (Procedure for Requesting and Receiving an Exception from the Application of the NERC Definition of Bulk Electric System) modernize the NERC Rules of Procedure (“ROP”), reflect current business practices, provide further clarification and transparency to Industry Stakeholders, and address certain directives from the Federal Energy Regulatory Commission (“FERC”) contained in its January 23, 2020 *Order on Five Year Performance Assessment*, 170 FERC ¶ 61,029 (2020).

RESOLVED, that the Board hereby approves the proposed amendments to Sections 500 and 1003; and Appendices 2, 4B, 5A, 5B, and 5C to the NERC Rules of Procedure, 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.

NERC Bylaws

Ms. Mendonça presented the proposed amendments to the NERC Bylaws. She highlighted that the primary areas of revisions relate to the composition of NERC's membership Sectors and certain rules relating to the MRC, as well as the bright line criteria for excluding candidates for the role of an independent NERC trustee. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, the Member Representatives Committee (“MRC”) approved the amended NERC Bylaws at its August 20, 2020 meeting.

RESOLVED, that the Board hereby approves the amended NERC Bylaws, 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 applicable regulatory authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Compliance and Certification Committee Actions

Jennifer Flandermeyer, CCC Chair, presented revised CCC procedure documents for the Board's approval. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the revised procedure document CCCPP-003-3, Monitoring Program for NERC's Rules of Procedure for Reliability Standards Development, substantially in the form presented to the Board at this meeting.

RESOLVED, that the Board hereby approves the revised procedure document CCCPP-007-4, Monitoring Program for NERC's Adherence to NERC's Rules of Procedure for Registration and Certification, substantially in the form presented to the Board at this meeting.

RESOLVED, that the Board hereby approves the revised procedure document CCCPP-008-2, Program for Monitoring Stakeholder’s Perceptions, substantially in the form presented to the Board at this meeting.

RESOLVED, that the Board hereby approves the procedure document CCCPP-013-1, Procedure for the Selection of Members to the NERC Compliance and Certification Committee, substantially in the form presented to the Board at this meeting.

RESOLVED, that the Board hereby approves the removal of retired NERC Committees from the list of pre-qualified organizations for submitting implementation guidance, as presented to the Board at this meeting.

Reliability and Security Technical Committee

Mr. Greg Ford, Committee Chair, summarized the topics discussed at the June 10, 2020 meeting. He highlighted the Committee’s Transition Plan.

2020 ERO Enterprise Reliability Indicators

Mr. Coleman provided an update on the 2020 ERO Enterprise Reliability Indicators, including reviewing each of the indicators and performance through the third quarter of 2020.

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

Ms. Jennifer Sterling, Committee Chair, summarized the topics discussed at the August 20, 2020 meeting, including the election of Ms. Allen as a new Trustee and approval of the NERC Bylaws amendments.

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 that the Committee's Nominations Task Force held open nominations to replace one open position on the Committee.

Standards Committee

Ms. Amy Casuscelli, Committee Chair, referenced the written report and highlighted the work to enhance the reliability of the Bulk Electric System during cold weather events.

Reliability Issues Steering Committee

Mr. Nelson Peeler, Committee Chair, provided an update on the activities of the Committee. He highlighted the Committee’s approval of amendments to its Charter and work planning for the RISC Reliability Leadership Summit in 2021.

Compliance and Certification Committee

Ms. Jennifer Flandermeyer, Committee Chair, referred to the written report included in the advance agenda package, highlighting the Committee's approval of the Reliability and Security Technical Committee (RSTC) as a Prequalified Organization to submit implementation guidance.

Electricity Subsector Coordinating Council

Mr. Robb reported on recent Electricity Subsector Coordinating Council activities, including coordinating with government agencies and work amid COVID-19.

Forum and Group Reports

North American Energy Standards Board

Michael Desselle, Chair of the NAESB Board of Directors, discussed NAESB's work and the Commission's July 16, 2020 notice of proposed rulemaking regarding NAESB's business practice standards.

North American Transmission Forum

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; and collaboration with NERC, ReliabilityFirst, and SERC to advance Forum and ERO Enterprise mutual objectives, leverage respective strengths, and minimize duplication of efforts on facility ratings accuracy and supply chain risk management.

North American Generator Forum

Mr. Thilly noted that Allen Schriver, Forum Chief Operating Officer, did not plan to make a verbal report but is available for questions on his written report, included in the advance agenda package.

Adjournment

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

Submitted by,



Sônia Mendonça
Corporate Secretary

Agenda

Board of Trustees

August 20, 2020 | 2:00-4:30 p.m. Eastern
Conference Call

Attendee Webex: [Join Meeting](#)

Call to Order

NERC Antitrust Compliance Guidelines*

Introduction and Chair's Remarks

Consent Agenda – Approve

1. Minutes*

- a. July 23, 2020 Meeting
- b. May 14, 2020 Meeting

2. Committee Membership and Charter Amendments*

- a. Compliance and Certification Committee Membership
- b. Reliability Issues Steering Committee Charter Amendments

Regular Agenda

3. Remarks and Reports

- a. Remarks by Bernard L. McNamee, Commissioner, FERC
- b. Remarks by Bruce Walker, Assistant Secretary, DOE and Alexander Gates, Director, CESER, DOE
- c. President's Report
- d. Report on the August 17 Board of Trustees Closed meeting and the August 18, 2020 Annual Meeting of the NERC Board of Trustees and Canadian Regulators – **Information**

4. Board Committee Reports

- a. Corporate Governance and Human Resources
- b. Compliance
- c. Finance and Audit
 - i. Second Quarter Unaudited Financial Statements – **Accept**
 - ii. NERC and Regional Entity Proposed 2021 Business Plans and Budgets and Associated Assessments – **Approve**

iii. Annual Renewal of Unsecured Line of Credit – **Approve**

d. Enterprise-wide Risk

e. Technology and Security

f. Nominating

g. Report by Rob Manning on Standards Quarterly Activities

5. Standards Quarterly Report and Actions*

a. WECC Regional Variance PRC-006-5 Automatic Underfrequency Load Shedding – **Adopt**

b. Northeast Power Coordinating Council Regional Standard Processes Manual Modifications – **Approve**

c. Supply Chain Activities - **Update**

6. Other Matters and Reports

a. Policy Input and Member Representatives Committee Meeting – **Discussion**

b. E-ISAC Long-Term Strategic Plan* – **Accept**

c. Rules of Procedure Amendments for Second Five-Year Performance Assessment Compliance Filing* – **Approve**

i. Registration and Certification: Section 500 and Appendices 2, 5A, 5B, & 5C

ii. E-ISAC: Section 1003

iii. Sanction Guidelines: Appendix 4B

d. NERC Bylaws* – **Approve**

e. Compliance and Certification Committee Actions * – **Approve**

i. Revisions to CCCPP-003, Monitoring Program for NERC’s Reliability Standards Development Program

ii. Revisions to CCCPP-007, Monitoring Program for NERC’s Adherence to NERC’s Rules of Procedure for Registration and Certification

iii. Revisions to CCCPP-008, Program for Monitoring Stakeholder’s Perceptions

iv. Creation of CCCPP-013 - Procedure for the Selection of Members to the NERC Compliance and Certification Committee

v. Removal of Retired NERC Committees from the List of Pre-Qualified Organizations for Submitting Implementation Guidance

f. Reliability and Security Technical Committee* – **Update**

g. 2020 ERO Enterprise Reliability Indicators* – **Update**

7. Committee Reports*

- a. Member Representatives Committee
- b. Personnel Certification Governance Committee
- c. Standards Committee
- d. Reliability Issues Steering Committee
- e. Compliance and Certification Committee
- f. 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. Adjournment

*Background materials included.