

Minutes Board of Trustees

August 18, 2022 | 8:30 a.m.–12:00 p.m. Pacific

Hyatt Regency Vancouver
655 Burrard St.
Vancouver, BC V6C 2R7, Canada

Call to Order

Mr. Kenneth W. DeFontes, Jr., 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 18, 2022, at 8:30 a.m. Pacific, and a quorum was declared present.

Present at the meeting were:

Board Members

Kenneth W. DeFontes, Jr., Chair
George S. Hawkins, Vice Chair
Jane Allen
Robert G. Clarke
Suzanne Keenan
Susan Kelly
Robin E. Manning
Jim Piro
Colleen Sidford
Roy Thilly

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 and Chief Administrative Officer
Stan Hoptroff, Vice President, Business Technology
Mark G. Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
John Moura, Director, Reliability Assessment and Performance Analysis
Bryan Preston, Vice President, People and Culture
Janet Sena, Senior Vice President, External Affairs
Andy Sharp, Vice President and Chief Financial Officer

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. DeFontes welcomed all of the attendees to the meeting, including Mr. Doug Allen, Chair, BC Hydro Board of Directors; Mr. Francis Bradley, President and CEO, Electricity Canada; Ms. Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, DOE; and Mr. David Morton, Chair, CAMPUT. Mr. DeFontes remarked on the engaged discussion at the Member Representatives Committee (MRC) meeting the day prior and how beneficial it was to be together and engage one-on-one at various points during the week.

Consent Agenda

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

Minutes

The draft minutes for the July 7, 2022 and May 12, 2022 meetings were approved as presented to the Board at this meeting.

Committee Membership and Charter Amendments

Reliability and Security Technical Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Reliability and Security Technical Committee ("RSTC") as follows:

- Sector 6: Mark Spencer, LS Power Development, for a term ending January 31, 2023; and
- At-Large: Chad Thompson, Electric Reliability Council of Texas, for a term ending January 31, 2024.

Regular Agenda

Remarks by Doug Allen, Chair, BC Hydro Board of Directors

Mr. DeFontes introduced Mr. Allen of the BC Hydro Board of Directors. Mr. Allen began his remarks by acknowledging being on the land of First Nation people. He remarked on how BC Hydro takes direction from NERC on reliability and resilience. Mr. Allen noted BC Hydro's focus on reducing greenhouse gases across the organization and how Site C on the Peace River was essential in the fight against climate change. He also remarked on the efforts BC Hydro has taken to rebuild trust with the First Nations, specifically noting the need to listen to First Nation concerns, limit impacts on the land, and provide training and employment opportunities and upgrades to local infrastructure.

Remarks by Francis Bradley, President and CEO, Electricity Canada

Mr. DeFontes introduced Mr. Bradley of Electricity Canada. Mr. Bradley remarked that it had been three years since the last meeting in Canada and noted that despite inflation and supply chain challenges, there was a continued and growing commitment to ensuring reliability, resilience, and affordable energy in North America. He noted that the United States and Canada have been partners for years, working together on new emerging threats and with utilities on both sides of the border providing mutual assistance after extreme weather. Mr. Bradley noted the close collaboration with the E-ISAC and the need to build upon it further. He remarked on the importance of ensuring transparency, financial prudence and value for NERC expenditures, and noted that NERC must continue to move forward, collaborate, and innovate.

Remarks by Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, DOE

Mr. DeFontes introduced Ms. Hoffman of DOE. Ms. Hoffman remarked on DOE priorities, including transmission planning, integrating clean energy resources, and improving the resiliency of the electric grid. She noted the need to work together to develop alternative plans to address some of the supply chain concerns facing the industry. Ms.

Hoffman also noted the importance of NERC sharing information with states and localities as resilience decisions will be placed on the states, which have limited resources, and providing data can help with their decision-making.

Remarks by David Morton, CAMPUT Representative to NERC

Mr. DeFontes introduced Mr. Morton of CAMPUT. Mr. Morton remarked on the strengthening ties between NERC and the Canadian regulators and the improved working relationship between the E-ISAC and Canadian regulators. He expressed concern that extreme weather is a difficult problem to plan for in terms of designing facilities to survive climate change, noting that we may not be able to rely on current assumptions because climate change increases variability in extreme weather events.

President's Report

Mr. Cancel provided the president's report on behalf of Mr. Robb. He remarked on the challenges and opportunities presented to industry and the need for collaboration given cross-border connections. He noted that the relationship between the United States and Canada is in good shape but there is more to do.

Mr. Cancel stated his appreciation for the thoughtful and helpful policy input as it helps NERC think about the changing risk environment. He noted that the three-year budget is a significant request and the need to talk about the value of these requests. Mr. Cancel remarked that the budget is an effort to get ahead of challenges NERC sees coming and that NERC and its Board took the comments seriously and had productive conversations about them. He noted that NERC wants to be transparent and show value.

Mr. Cancel remarked that NERC has been working on the strategic plan since May and engaged over 100 leaders from NERC, E-ISAC, and the Regional Entities to make sure it meets the needs of a diverse group of stakeholders. He also noted that the leadership conference in Charlotte highlighted the need to reach out to policymakers in the states and provinces, US and Canadian partners, and use their insights to improve our programs. Mr. Cancel noted that the ERO Enterprise would take a hard look at the roles of NERC, E-ISAC, and the Regional Entities to reduce duplication, make them more efficient, and ensure all the corporations work well together.

Report on the August 12 and August 18, 2022 Closed Meetings

Mr. DeFontes reported that on August 12, 2022 and August 18, 2022 (as is its custom), the Board met in closed session with NERC management to review NERC management activities. On August 12, the Board discussed the draft 2023 Work Plan Priorities and received an update on recent U.S. Federal Energy Regulatory Commission orders. On August 18, the Board discussed Reliability Standards items presented at this meeting, the Board's resolutions for this meeting, and feedback on policy input and the MRC meeting.

Board Committee Reports

Corporate Governance and Human Resources

Ms. Keenan, Committee Chair, reported on recent Committee meetings. At the August 12, 2022 closed meeting, the Committee received an update on the NERC People Strategy and reviewed mid-year officer and CEO performance.

Compliance

Mr. Manning, Committee Chair, reported on the August 16, 2022 closed meeting of the Committee, where the Committee received updates on Compliance Monitoring and Enforcement Program (CMEP) trends, a significant CMEP matter, and Canadian Standards and CMEP activities.

Finance and Audit

Mr. Piro, Committee Chair, reported on recent meetings of the Committee. At the August 16, 2022 closed meeting, the Committee reviewed the line of credit renewal, the NERC investment policy, and reviewed items on the August

17, 2022 open meeting agenda. The Committee also received an update on internal audit matters and approved the 2023 budget and resource plan.

Mr. Piro reported that, at its August 17, 2022 open meeting, the Committee took action on several items. First, the Committee reviewed and recommended for Board acceptance the Second Quarter Statement of Activities. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, upon recommendation of the FAC, hereby accepts the Second Quarter 2022 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Statement of Activities, as presented to the Board at this meeting.

Second, the Committee reviewed and recommended for Board approval the NERC and Regional Entity Proposed 2023 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 2023 NERC Business Plan and Budget;
2. The proposed 2023 Business Plans and Budgets of the Regional Entities and the Western Interconnection Regional Advisory Board; and
3. The proposed 2023 assessments to recover the costs of the approved 2023 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.

Third, the Committee approved and recommended for Board approval the renewal of the 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 line of credit with the material change to the interest rate index.

FURTHER RESOLVED, that NERC management is hereby authorized to take such actions as are necessary to finalize and execute the line of credit renewal documentation, consistent with the foregoing resolution.

FURTHER RESOLVED, that the Board continues to authorize NERC management to proceed to take such actions as are necessary to execute the line of credit renewal documentation on an annual basis, so long as the material terms of the renewal remain substantially the same.

Enterprise-wide Risk

Ms. Sidford, Committee Chair, reported on the Committee's closed meeting on August 16, 2022. At its meeting, the Committee heard from Mr. Scott Tomashefsky, Chair of the Compliance and Certification Committee (CCC), Mr. Jason

Blake, President and CEO of SERC, and NERC staff. She noted that the Committee was pleased with the progress on development of robust enterprise risk management (ERM) programs.

Technology and Security

Ms. Allen, Committee Chair, reported on the Committee's open meeting on August 17, 2022. At the meeting, the Committee received updates on E-ISAC operations, including the persistently challenging threat landscape and work with government partners on both sides of the border, growing Canadian engagement, and collaboration with the natural gas industry.

Nominating

Mr. Clarke, Committee Chair, reported on the Committee's closed meeting on June 10 and August 16, 2022. He reported that three Trustees' terms expire in 2023. The Committee has decided to renominate Ms. Keenan and Mr. Piro and a search team is engaged in efforts to find a new Trustee to replace Mr. Thilly, who is term limited. Mr. Clarke reported that the Committee will conduct candidate interviews in November and meet in December to recommend a final candidate for election by the MRC at the February 2023 meeting.

Report by Roy Thilly on RSTC Quarterly Activities

Mr. Thilly, Liaison to the RSTC, reported on the recent activities of the RSTC. Mr. Thilly reported that the Committee continues to discuss key reliability issues, including those posed by inverter-based resources, and has endorsed several Standard Authorization Requests to initiate standards projects to address these issues.

Report by Susan Kelly on Standards Quarterly Activities

Ms. Kelly, Liaison to the Standards Committee, reported on actions taken at recent meetings, including action to authorize postings, accept Standard Authorization Requests, and appoint drafting teams. She noted industry concern that the volume of pending Standards projects could overwhelm subject matter experts. She also noted that new technologies are driving standards development, especially around inverter-based resources.

Standards Quarterly Report and Actions

Cold Weather Standard Development Update

Mr. Gugel provided an update on standard development activities to address the recommendations of the FERC/ERO Enterprise joint inquiry into February 2021 cold weather outages in Texas and the south central United States. He reported that the second draft of standards to address the first phase recommendations are currently posted for comment.

Standard Process Improvement Opportunities

Mr. Gugel provided an update regarding NERC staff's efforts to examine the body of rules regarding Reliability Standards development and recommend changes to improve NERC's ability to address urgent reliability needs with appropriate agility, consistent with the resolution adopted by the Board at its February 10, 2022 meeting. He reported that a stakeholder panel has been convened to provide feedback on the Staff recommendations presented at the May 2022 open meeting.

Critical Infrastructure Protection Board Resolution Updates

Mr. Gugel provided an update on activities in support of resolutions approved by the Board regarding the Critical Infrastructure Protection (CIP) Reliability Standards, referencing the material provided in the advance agenda package.

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 August 17, 2022 Member Representatives Committee meeting. Mr. DeFontes expressed his appreciation for the policy input and feedback.

Semi-annual Review of the Achievements of the ERO Enterprise Work Plan Priorities.

Mr. DeFontes referred attendees to the semi-annual update on the 2022 Work Plan Priorities, referencing the materials included in the advance agenda package.

Risk Registry Update

Mr. DeFontes referred attendees to the update on the risk registry, referencing the materials in the advance agenda package.

Committee Reports

Member Representatives Committee

Mr. Roy Jones, Committee Chair, provided a summary of the Committee meeting held on August 17, 2022, highlighting discussion of policy input, emerging issues for the 2022 Long-Term Reliability Assessment, and the strategy for strengthening industry action to address emerging risks.

Personnel Certification Governance Committee

Mr. Cory Danson, Committee Chair, provided an update on the activities of the Committee, referencing the materials in the advance agenda package.

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.

Compliance and Certification Committee

Mr. Scott Tomashefsky, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package.

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 endorsement of several Standard Authorization Requests (SARs), approval of white papers involving Distributed Energy Resources, and votes to endorse the 2022 Summer Reliability Assessment and 2022 State of Reliability Report.

Reliability Issues Steering Committee

Mr. Brian Slocum, Committee Chair, provided an update on the activities of the Committee, highlighting work to consider further enhancements to the ERO Enterprise Reliability Indicators and the adoption of the risk prioritization framework across the ERO Enterprise.

Electricity Subsector Coordinating Council

Mr. Cancel reported on recent Electricity Subsector Coordinating Council activities. He also highlighted the upcoming grid security conference, GridSecCon.

Forum and Group Reports

North American Energy Standards Board

Mr. Michael Desselle, Chair of the NAESB Board of Directors, provided an update on NAESB activities in areas of mutual interest, including natural gas-electric coordination.

North American Transmission Forum

Mr. DeFontes noted the absence of Mr. Tom Galloway and referred to the report contained in the advance agenda package.

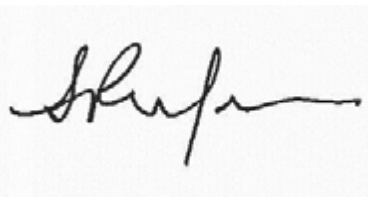
North American Generator Forum

Mr. DeFontes noted that due to the retirement of Mr. Allen Schriver the NAGF is transitioning the representation and were unable to have someone attend the meeting or submit a quarterly report but look forward to the NAGF report in November.

Other Matters and Adjournment

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

Submitted by,



Sônia Mendonça
Corporate Secretary