

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. The agenda is attached as **Exhibit A**.

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
Jan Schori
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:

Name	Member	Company	Term Ending
Nelson Peeler, 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)

David Zwergel , Reliability and Security Technical Committee Vice Chair	Standing Committee	January 31, 2022
Amy Casuscelli , Standards Committee Chair	Standing Committee	January 31, 2022
Patti Metro , 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 Hoptruff, 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.

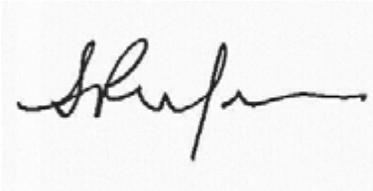
North American Generator Forum

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