

## Minutes Board of Trustees

December 10, 2024 | 3:00–4:00 p.m. Eastern

Virtual

### 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 December 10, 2024, at approximately 3:00 p.m. Eastern, and a quorum was declared present.

Present at the meeting were:

### Board Members

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

### NERC Staff

Tina Buzzard, Assistant Corporate Secretary  
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC  
Mathew Duncan, Vice President, E-ISAC Security Operations and Intelligence  
Howard Gugel, Vice President, Regulatory Oversight  
Kelly Hanson, Senior Vice President and Chief Operating Officer  
Stan Hoptroff, Vice President, Business Technology  
Soo Jin Kim, Vice President, Engineering and Standards  
Mark G. Lauby, Senior Vice President and Chief Engineer  
Kiel Lyons, Senior Manager, Compliance Assurance  
Kimberly Mielcarek, Vice President, Communications  
Lauren Perotti, Assistant General Counsel  
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary  
Liz Saunders, Vice President, People and Culture  
Camilo Serna, Senior Vice President, Strategy and External Engagement  
Andy Sharp, Vice President and Chief Financial Officer

## **NERC Antitrust Compliance Guidelines**

Ms. Buzzard directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance agenda package and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Rocha.

## **Introduction and Chair's Remarks**

Mr. DeFontes welcomed the attendees to the meeting.

## **Consent Agenda**

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

## **Minutes**

The draft minutes for the October 8, 2024 meeting were approved as presented to the Board at this meeting.

## **Standing Committee Membership and Charter Amendments**

### ***Compliance and Certification Committee Membership***

**RESOLVED**, that the Board hereby appoints the following individuals to the Compliance and Certification Committee, each for a three-year term from January 1, 2025 through December 31, 2027:

- Daniela Hammons, CenterPoint Energy, representing Sector 1, Investor-Owned Utility
- Scott Brame, North Carolina Electric Membership Corporation, representing Sector 3, Cooperative Utility
- Kimberly Bentley, Western Area Power Administration, representing Sector 4, Federal/Provincial Utility/Federal Power Marketing Administration
- Lauren Price, Arevon Energy, Inc., representing Sector 6, Merchant Electricity Generator
- Greg Campoli, New York ISO, representing Sector 10, ISO/RTO
- Robert Hirschak, Cleco, Member At Large
- Lisa Milanes, California ISO, Member At Large
- Frank Owens, Rayburn Electric, Member At Large

### ***Reliability Issues Steering Committee Charter Amendments***

**RESOLVED**, that the Board, upon recommendation of the Corporate Governance and Human Resources Committee ("CGHRC"), hereby approves the revised charter of the Reliability Issues Steering Committee, substantially in the form presented to the Board at the meeting, to replace the charter dated August 20, 2020.

## Regular Agenda

### Standards

#### ***Project 2023-04 Modifications to CIP-003***

Ms. Kim presented proposed Reliability Standard CIP-003-11, highlighting the proposed reliability benefits and high degree of stakeholder consensus for the proposed standard. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed Reliability Standard CIP-003-11, 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 associated implementation plan 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 CIP-003-10, or the version of the CIP-003 Reliability Standard that is then in effect, 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.

#### ***Project 2023-08 – Transmission System Planning Performance Requirements for Extreme Weather***

Ms. Kim presented proposed Reliability Standard TPL-008-1, noting that the proposed standard addresses FERC directives from Order No. 896 to develop a standard that would improve how planning entities plan for the impact of extreme heat and extreme cold events on the Bulk-Power System. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed Reliability Standard TPL-008-1, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby adopts the proposed definition of Extreme Temperature Assessment for inclusion in the *Glossary of Terms used in NERC Reliability Standards*, 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 associated implementation plan for the proposed Reliability Standard, 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.

**Project 2021-03 CIP-002**

Ms. Kim presented proposed Reliability Standard CIP-002-8, highlighting the reliability benefits of the proposed standard. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed Reliability Standard CIP-002-8, as presented to the Board at this meeting.

**RESOLVED**, that the Board hereby adopts the proposed revised definition of Control Center for inclusion in the *Glossary of Terms used in NERC Reliability Standards*, 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 associated implementation plan 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 CIP-002-7, 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.

**Project 2022-03 Energy Assurance with Energy-Constrained Resources**

Ms. Kim presented proposed Reliability Standards BAL-007-1 and TOP-003-7, highlighting the reliability benefits of the proposed standards. Upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed Reliability Standard BAL-007-1, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby adopts the proposed Reliability Standard TOP-003-7, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby adopts the proposed definitions of Energy Reliability Assessment and Near-Term Energy Reliability Assessment for inclusion in the *Glossary of Terms used in NERC Reliability Standards*, 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 Standards, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the associated implementation plan for the proposed Reliability Standards and definitions, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the proposed retirement of Reliability Standard TOP-003-6.1, 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.

At the conclusion of the discussion, Mr. DeFontes commended NERC and its stakeholders for their work in developing each of the important Reliability Standards on the Board's December agenda.

### **2025-2027 Reliability Standards Development Plan**

Ms. Kim presented the proposed 2025-2027 Reliability Standards Development Plan. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby approves the 2025-2027 Reliability Standards Development Plan, substantially in the form presented to the Board at this meeting, subject to the addition of any new Standard Authorization Requests or directives that are received prior to submission to the ERO governmental authorities.

**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.

At the conclusion of the discussion, Mr. DeFontes remarked on a high priority project in development, Project 2024-03 Modifications to EOP-012, addressing Federal Energy Regulatory Commission (“FERC”) directives from the June 2024 order approving EOP-012-2. He noted that, depending on the results of the ballot scheduled to end December 20, 2024, the Board may be required to invoke its special authorities under Section 321 of the NERC Rules of Procedure to develop a responsive standard by FERC’s March 2025 deadline. Mr. DeFontes noted that the Board will consider the results of the pending ballot in determining how to proceed.

### **Rules of Procedure Section 1600 Cold Weather Generator Data Request**

Mr. Lyons presented the proposed request for data or information under Section 1600 of the NERC Rules of Procedure, noting that NERC is proposing this data request to respond to directives in FERC’s February 2023 Order approving Reliability Standard EOP-012-1 and directing further revisions and reporting.

After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby authorizes staff to issue, substantially in the form presented to the Board at the meeting, the proposed request for data or information relating to generator cold weather data, pursuant to NERC’s authority in Section 1600 of the NERC Rules of Procedure.

### **ERO Enterprise Long-Term Strategy**

Mr. Serna presented the proposed ERO Enterprise Long-Term Strategy, noting the purpose of the Strategy and referencing the materials included in the advance agenda package. Mr. DeFontes expressed his appreciation for the thoughtful work and industry input used to develop the Strategy, which will provide NERC with a framework for shaping its work ahead.

After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby approves the ERO Enterprise Long-Term Strategy, substantially in the form presented to the Board at this meeting.

### **2025 NERC Work Plan Priorities**

Ms. Hanson presented the proposed 2025 NERC Work Plan priorities, noting that they represent NERC’s goalposts for executing Year 3 of the 2023-2025 Three-Year Plan.

After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby approves the 2025 Work Plan Priorities, substantially in the form presented to the Board at this meeting.

#### **Board of Trustees Compensation**

Mr. Hawkins, CGHRC Chair, presented the proposed recommendations to the Board compensation. He noted that the CGHRC retained the compensation consulting firm of Meridian Compensation Partners (Meridian) to conduct an update to the market study of Board compensation completed in 2021, to aid in its determination of whether to recommend any changes to the Board's compensation program. Mr. Hawkins reviewed the factors considered in recommending the proposed changes to existing trustee compensation, noting that the proposed target annual retainers for the Trustees, chair, and vice chair are below the median of the range contemplated by the NERC Governance Guidelines. He further noted that CGHRC unanimously approved the recommended changes to the trustee compensation program and recommended them for Board approval.

At the conclusion of the presentation, Mr. DeFontes thanked Mr. Clarke, who will be stepping down from the Board at the February 2025 MRC meeting, for his independence and stewardship of this effort on behalf of the CGHRC.

After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**WHEREAS**, the Board's Corporate Governance and Human Resources Committee (the "CGHRC") is required to review annually the compensation program for independent Trustees and to make recommendations to the Board, as appropriate.

**WHEREAS**, the CGHRC engaged the compensation consulting firm of Meridian Compensation Partners, LLC ("Meridian"), to conduct an update to the market study of Board compensation completed in 2021, to aid in its determination of whether to recommend any changes to the Board's compensation program.

**WHEREAS**, Meridian compared current Trustee compensation and the structure of the Board's current compensation structure to the market perspectives, also updating its view of overall compensation trends, and prepared a report, which has been reviewed and accepted by the CGHRC.

**WHEREAS**, the CGHRC considered: (i) the findings and recommendations in the Meridian report, as well as (ii) the need to consider any compensation adjustment in light of NERC's overall budget, (iii) that the workload for all Trustees has continued to be at a level higher than any of the peer groups, (iv) that the Board Chair, Vice Chair and Committee chairs have substantial additional responsibilities and time commitments, and members of the Board serve as liaisons to the Standards Committee and Reliability and Security Technical Committee, (v) that the current compensation structure, utilizing fixed retainers, is consistent with best practice trends in director compensation, (vi) that it remains important for NERC to be able to recruit and retain qualified and quality individuals to board service, and that NERC competes directly with Regional Entities, Independent System Operators and Regional Transmission Organizations, Investor Owned Utilities, and even private sector companies in attempting to attract such individuals to NERC, and (vii) that the conflict of interest requirements at NERC for Trustees, which include financial interest and investment prohibitions, employment/consulting prohibitions, and industry board service prohibitions, and the fact that NERC is non-profit and offers no stock options or benefits, reinforce the need for NERC to offer competitive compensation to Trustees, understanding the limits NERC places on what might be other opportunities for financial reward.

**WHEREAS**, based on its review of the Meridian report and its deliberations in open session, the CGHRC has recommended Board approval of modifications to the Trustee compensation program.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves the following compensation program for independent Trustees:

- Annual Retainer: The Board hereby establishes a target annual retainer for each Trustee of \$170,000. The new retainer will be implemented annually over the next three years with a \$15,000 increase in 2025, a \$10,000 increase in 2026, and a \$10,000 increase in 2027.
- Chair Retainer: The Board hereby establishes an annual retainer for the Board Chair of \$55,000.
- Vice Chair Retainer: The Board hereby establishes an annual retainer for the Board Vice Chair of \$15,000.
- Committee Chairs Retainer: The Board hereby establishes an annual retainer for Committee Chairs of \$15,000.
- Liaison Retainers: The Board hereby establishes an annual retainer for the Trustee(s) who is designated as the liaison to the Standards Committee and the Reliability and Security Technical Committee of \$7,500.

#### **Board of Trustees New Meeting Cadence**

Ms. Keenan reviewed the 2026 Board of Trustees meeting cadence, noting that the meeting cadence would help address stakeholder concerns about the lack of a fourth quarter meeting, better align with the MRC leadership and sector election calendar, allow for better distribution for substantive topics throughout the year, provide an opportunity to re-think one-off webinars, and provide for more fulsome internal discussions ahead of Board reporting.

She reported that NERC would host an annual in-person meeting in February, with in-person or hybrid meetings in June and October. The location of the June meetings would alternate between a Canadian location and the NERC Washington, DC office. In years where NERC does not host the Board meetings in Canada, NERC would host other standing committee meetings to promote continued engagement with Canadian stakeholders. Board committee meetings and Board virtual meetings would be held as needed throughout the year. Ms. Keenan noted that the Board would consider any feedback from 2026 when determining the cadence for future years.

#### **Other Matters and Adjournment**

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

Submitted by,



Sônia Rocha  
Corporate Secretary