

Minutes Board of Trustees

January 10, 2025 | 12:00 – 12:30 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 January 10, 2025, at approximately 12:00 noon 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
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, Director, Board Operations and Corporate Governance
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Howard Gugel, Senior Vice President, Regulatory Oversight
Kelly Hanson, Senior Vice President and Chief Operating Officer
Soo Jin Kim, Vice President, Engineering and Standards
Mark G. Lauby, Senior Vice President and Chief Engineer
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
Bluma Sussman, Vice President, E-ISAC Stakeholder Engagement

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.

Standards Actions to Address FERC Directives Regarding EOP-012-2 – Extreme Cold Weather Preparedness and Operations

Mr. DeFontes noted the purpose of this meeting is to consider the recommendation of the Regulatory Oversight Committee at its January 10, 2025 meeting related to the development of revisions to the generator cold weather preparedness standard, EOP-012. He recalled that the Federal Energy Regulatory Commission ("FERC") directed NERC to revise the EOP-012 standard to clarify the circumstances under which generators may declare constraints and to clarify other matters relating to corrective action plans, and for NERC to file a revised standard for FERC's approval by March 27, 2025.

Mr. DeFontes reported that it appears increasingly unlikely that NERC will be unable to make FERC's filing deadline using the usual stakeholder balloting process, despite the dedication and hard work of the drafting team charged with addressing the FERC directives. For this reason, the Board is considering using its longstanding authority under Section 321 of the NERC Rules of Procedure to ensure the timely development of a standard that responds to FERC's directives. He cited the low approval percentage in the most recent ballot, the minimal increase in approval percentages across ballots despite the team holding a technical conference, and the stakeholder comments on the most recent posting as factors driving the Board's determination to consider special action under the notice and comment format described in Section 321.5 of the NERC Rules of Procedure.

Mr. DeFontes introduced Mr. Robb to provide additional remarks. Mr. Robb noted the significant loss of generation during past winter storms and the resulting impacts on Bulk-Power System reliability, compared to better performance during more recent winter storms when more generators took the appropriate action to prepare. He emphasized that the development of generator winterization standards is entirely within NERC's area of responsibility, and NERC must develop an EOP-012 standard that both addresses FERC's directives and serves the public interest.

Mr. DeFontes led a discussion of the proposed action. Mr. Gugel added that NERC is exploring ways to address stakeholder concerns related to compliance through its compliance and standards feedback loop processes.

Mr. Manning then presented the recommendation of the Regulatory Oversight Committee, which was for the Board to initiate special action under Section 321.5 of the NERC Rules of Procedure. After discussion and upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, on November 1, 2021, the Board, noting the demonstrated risks to reliability posed by multiple cold weather events over previous years, resolved to direct the development of new or revised Reliability Standards to address the recommendations of the February 2021 Event joint inquiry report for cold weather preparedness, operations, and coordination on a high priority basis;

WHEREAS, the Federal Energy Regulatory Commission (FERC) issued an order approving Reliability Standards EOP-011-3 and EOP-012-2 by order dated February 16, 2023, while directing NERC to submit further revisions to EOP-012 within one year of the date of the order;

WHEREAS, the Board adopted Reliability Standard EOP-012-2 on February 16, 2024, developed to address the directives of the February 16, 2023 Order;

WHEREAS, FERC issued an order on June 27, 2024, approving Reliability Standard EOP-012-2 and directing NERC to further revise the EOP-012 standard to address issues not fully resolved from the February 16, 2023

Order, and to submit a revised standard by March 27, 2025;

WHEREAS, the Project 2024-03 Modifications to EOP-012-2 drafting team has posted two successive drafts of a revised EOP-012 Reliability Standard that intends to address the directives from FERC's June 27, 2024 Order, and both drafts have failed to meet with ballot body approval;

WHEREAS, the Board expresses its sincere appreciation to the Project 2024-03 drafting team for their diligent efforts to develop a draft standard responsive to FERC's June 27, 2024 order;

WHEREAS, Section 321 of the Rules of Procedure is a long-standing provision of the NERC Rules of Procedure that provides special rules in cases such as these: where a ballot body has failed to approve a proposed Reliability Standard that contains a provision to adequately address a specific matter identified in a directive issued by an Applicable Governmental Authority such as FERC.

WHEREAS, the Regulatory Oversight Committee of the Board considered the above facts and circumstances at its January 10, 2025, meeting, determining that the issues raised with regard to proposed Reliability Standard EOP-012-3 would be best resolved through the public notice and comment format described in Section 321.5 of the NERC Rules of Procedure;

WHEREAS, the Regulatory Oversight Committee, after discussion and upon motion duly made and seconded, therefore recommended the Board initiate proceedings under Section 321.5 of the NERC Rules of Procedure to develop a revised EOP-012 Reliability Standard addressing the FERC directives from the June 27, 2024 Order in a timely manner;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby finds that the ballot body for draft Reliability Standard EOP-012-3 developed under Project 2024-03 Revisions to EOP-012-2 has failed to approve a proposed Reliability Standard that contains provisions to adequately address specific matters identified in directives issued by FERC in its June 27, 2024 Order;

BE IT FURTHER RESOLVED, that the Board finds it necessary and appropriate to employ the special processes described in Rule 321.5 of the NERC Rules of Procedure to develop a proposed draft standard that is responsive to the matters identified in the directives issued by FERC in its June 27, 2024 Order;

BE IT FURTHER RESOLVED, that the Board hereby directs the Standards Committee, with the assistance of stakeholders and NERC staff, to prepare a draft Reliability Standard responsive to the directives in FERC's June 27, 2024 Order to be posted for public comment by no later than January 29, 2025;

BE IT FURTHER RESOLVED, that it is the Board's expectation the Standards Committee prepare a draft Reliability Standard that adequately addresses the directives in FERC's June 27, 2024 Order; however, if the Standards Committee fails to prepare a draft standard that is responsive to the directives in time so that it may be posted as directed in the foregoing resolution, or the Standards Committee determines by resolution that NERC management should prepare the draft standard in the first instance, the Board hereby directs NERC management to prepare the draft Reliability Standard;

BE IT FURTHER RESOLVED, that the Board hereby directs that the draft Reliability Standard developed in accordance with the foregoing resolutions be posted for a 45-day public comment period in accordance with Section 321.5.1 of the NERC Rules of Procedure;

BE IT FURTHER RESOLVED, that the Board hereby directs NERC management to present the draft Reliability Standard to the Board for its consideration, along with the entire record of development and any comments

received, by no later than the open meeting to be convened in March 2025 for this purpose.

Mr. DeFontes noted that the Board approved the resolution with the unanimous consent of the Trustees present. He further noted that, while Mr. Hawkins was not present at the meeting, he previously expressed his support for the resolution.

Other Matters and Adjournment

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

Submitted by,

A handwritten signature in black ink, appearing to be 'SR' with a long horizontal line extending to the right.

Sônia Rocha
Corporate Secretary