

Minutes Board of Trustees

August 11, 2016 | 9:00 a.m.–12:00 p.m. Atlantic

Halifax Marriott Harbourfront
1919 Upper Water Street
Halifax, NS B3J 3J5, Canada

Call to Order

Mr. Frederick W. Gorbet, 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”) in Halifax, Nova Scotia on August 11, 2016, at 9:00 a.m. Atlantic, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members:

Frederick W. Gorbet, Chair
Paul F. Barber
Janice B. Case
Gerald W. Cauley, President and Chief Executive Officer
Robert G. Clarke
Kenneth W. DeFontes, Jr.
David Goulding
George Hawkins
Kenneth G. Peterson
Jan Schori
Roy Thilly

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Stan Hoptroff, Vice President and Chief Technology Officer
Scott Jones, Vice President of Finance and Treasurer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Ken McIntyre, Vice President of Standards and Compliance
Sonia Mendonça, Vice President of Enforcement and Deputy General Counsel
Timothy E. Roxey, Vice President and Chief E-ISAC Operations Officer
Marcus H. Sachs, Senior Vice President and Chief Security Officer
Janet Sena, Senior Vice President, Director of Policy and External Affairs
Michael Walker, Senior Vice President and Chief Financial and Administrative Officer

NERC Antitrust Compliance Guidelines

Mr. Berardesco noted the public nature of the meeting and directed the participants' attention to the NERC Antitrust Compliance Guidelines, which had been included with the advance meeting materials.

Welcoming Remarks/Executive Session

Mr. Gorbet welcomed attendees to the meeting. He expressed his appreciation to the various Canadian provincial and federal regulators who were in attendance, including Chairman Peter Gurnham, Roberta Clarke, and Kulvinder Dhillon of the Nova Scotia Utility and Review Board; Chairman Ray Gorman and François Beaulieu of the New Brunswick Energy and Utilities Board; Christine Long of the Ontario Energy Board; and Alison Scott from the National Energy Board of Canada. He welcomed Chairman Norman Bay and Michael Bardee, Director of the Office of Electric Reliability, of the Federal Energy Regulatory Commission, noting Mr. Bardee's regular attendance and thanking him for his presentation at the prior day's MRC meeting. Mr. Gorbet also expressed his appreciation to Patricia Hoffman of the Department of Energy, Murray Doehler of CAMPUT, Sergio Marchi of the Canadian Electricity Association, and Bob Hanf of Emera for their attendance at the meeting.

Consent Agenda

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

Minutes

The draft minutes for the May 5 and May 13, 2016 meetings were approved as presented to the Board at this meeting.

Committee Membership Appointments and Charter Revisions

Compliance and Certification Committee Membership

RESOLVED, that the Board hereby approves the appointment of the following individuals as members of the Compliance and Certification Committee, each for a term of three years:

- Sheree Kernizan of Georgia Public Service Commission, representing U.S. State
- Ashley Stringer of Oklahoma Municipal Power Authority, representing Transmission Dependent Utility

Planning Committee Membership and Charter

RESOLVED, that the Board hereby approves the appointment of the following individuals to the Planning Committee ("PC"), each for a term of two years:

- Gary Brownfield of Ameren, representing the Investor-Owned Utility sector
- Arthur Iler of American Municipal Power, Inc., representing the State/Municipal Utility sector

- Russ Schussler of Georgia Transmission Corporation, representing the Cooperative Utility sector
- Stéphane Talbot of Hydro-Québec TransÉnergie, representing the Federal or Provincial Utility/Federal Power Marketing Administration sector
- Wayne Guttormson of SaskPower, representing the Federal or Provincial Utility/Federal Power Marketing Administration sector
- Bryan Zavesky of Missouri River Energy Services, representing the Transmission Dependent Utility sector
- Michael Goggin of American Wind Energy Association, representing the Merchant Electricity Generator sector
- Mark Sims of PJM Interconnections, LLC, representing the ISO/RTO sector
- Cezar Panait of Minnesota Public Utilities Commission, representing the State Government sector

FURTHER RESOLVED, that the Board hereby approves the appointment of the following individual to the PC for a one year term:

- Christine F. Ericson of Illinois Commerce Commission, representing the State Government sector

FURTHER RESOLVED, that the Board hereby approves the revised PC Charter, substantially in the form presented to the Board at this meeting, to replace the PC charter approved by the Board on November 7, 2013.

Operating Committee Membership

RESOLVED, that the Board hereby approves the appointment of the following individuals to the Operating Committee (“OC”), each for a term ending in September 2017:

- Stephane Desbiens of Hydro-Québec TransÉnergie, representing the Federal or Provincial Utility/Federal Power Marketing Administration sector
- Kevin Conway of Intellibind Technologies, representing the Large End-use Electricity Customer sector

FURTHER RESOLVED, that the Board hereby approves the appointment of the following individuals to the OC, each for a term ending in September 2018: |

- Doug Hils of Duke Energy, representing the Investor-owned Utility sector
- Sidney Jackson of Rochester Public Utilities (Minnesota), representing the State/Municipal Utility sector

- Michelle Rheault of Manitoba Hydro, representing the Federal or Provincial Utility/Federal Power Marketing Administration sector
- Mark Ennis of Alabama Municipal Electric Authority, representing the Transmission Dependent Utility sector
- Allen Schriver of NextEra Energy – Florida Power and Light, representing the Merchant Electricity Generator sector
- Connie Davis of DPU – Cleveland Public Power, representing the Small End-use Electricity Customer sector
- Peter Brandien of ISO New England, representing the Independent System Operator/Regional Transmission Organization sector
- Leonard Kula of Independent Electricity System Operator (Ontario), representing the Independent System Operator/Regional Transmission Organization sector
- William Chambliss of Virginia State Corporation Commission, representing the State Government sector

Personnel Certification Governance Committee Membership

RESOLVED, that the Board hereby approves the appointments of the following individuals to the Personnel Certification Governance Committee to complete the terms of two retiring committee members, each for a term to expire on December 31, 2016:

- Margaret Adams of Southwest Power Pool, completing term of John Kerr of Southwest Power Pool.
- Cory Danson of Western Area Power Administration, completing term of William Ellard of Sacramento Municipal Utility District.

Regular Agenda

Remarks by Board Chair

Mr. Gorbet reported that before the open meeting, as is its custom, the Board met in closed session with NERC management, and subsequently in executive session without NERC management, to review NERC management activities. He also noted the appointment of Mr. Hawkins to the National Infrastructure Advisory Committee. Mr. Gorbet referenced the discussions during the prior day's meeting, noting the value of the policy input before the meetings, and that he supported the proposal to distribute the request for policy input earlier in the quarterly meeting cycle.

Remarks by Chairman Norman Bay, Federal Energy Regulatory Commission

Chairman Bay congratulated NERC on its 10th anniversary as the ERO, noting that while there was no guarantee that the approach set out in Section 215 when it was adopted would work, it had, and that in his view, the state of grid reliability is better now than it would have been without the efforts of the ERO

Enterprise. He expressed his appreciation to NERC, the Regional Entities, the registered entities, and stakeholders, and he noted the collaboration between all parties, including FERC. Chairman Bay expressed thanks for the work related to the Aliso Canyon gas leak, and noted the assessment on gas and on single points of disruption. He expressed his appreciation for the quick response on the supply chain standards directive, and noted that he hoped FERC would soon act on the proposed GMD standard.

Remarks by Patricia Hoffman, Department of Energy

Ms. Hoffman emphasized the important work being undertaken by NERC, particularly the value of its independent analyses at a time of industry transition. She referenced the Proposed Joint U.S.-Canadian Electric Grid Strategy, expressing her hope that the strategy will be completed by the end of the year. Ms. Hoffman referenced the DOE's work on spare transformers and the quadrennial energy review, and noted strong support of the E-ISAC for information sharing. She emphasized the need for enhanced sharing of information across the industry. Ms. Hoffman recognized the support from industry of the work of the E-ISAC, and concluded by congratulating the ERO Enterprise for being forward-leaning, noting that the themes throughout the week's meetings have been very timely.

Remarks by Murray Doehler, CAMPUT

Mr. Doehler noted the substantial Nova Scotia presence at the meeting, and provided background on Halifax and its history. He referenced the meeting between the NERC Board and Canadian regulators and its overall effectiveness. Mr. Doehler emphasized the importance of metrics on measuring effectiveness, including both operations as well as the effect of reliability standards. He complimented the greater alignment of strategic planning and budget development.

Remarks by Sergio Marchi, Canadian Electricity Association

Mr. Marchi referenced the recent meetings of U.S., Canadian, and Mexican leaders, and noted the importance of Canada's move to clean energy production, including the net exports to the U.S. of clean energy that could be used for compliance with the Clean Power Plan. The biggest challenge remains the construction of adequate transmission capacity. Mr. Marchi stated that as the transmissions systems further integrate, NERC will play a critical role in assuring reliability of the inter-connected grid, and that CEA remains a supporter of the ERO model. He referenced the efforts to integrate Mexico into the ERO model and urged continued progress and consultation with Canadian parties as governance documents are addressed. Mr. Marchi noted the need to further enhance the alignment of the strategic plan and budget development, and the importance of expense management.

Remarks by Bob Hanf, Executive Vice President, Emera

Mr. Hanf noted the recent Emera acquisition of TECO and the growth of Nova Scotia Power. He expressed high regard for NERC's efforts, stating that it is vital to the integrity of the grid. He provided background on Nova Scotia Power and the transition to renewable energy. Mr. Hanf highlighted the importance of reliability as the industry undergoes its transition, and the importance of the interconnections between Canada and the U.S. and NERC's increasing role in this context.

President's Report

Mr. Cauley expressed his appreciation to Chairman Bay for his comments on NERC and its historical context, noting various upcoming anniversaries. He referenced NERC's risk informed reliability approach, stating that NERC is at a stable point on reliability standards and has implemented a risk informed compliance monitoring and enforcement approach, while at the same time streamlining processes and procedures. Commenting on the overall questions of cost of reliability standards, Mr. Cauley referenced the principles set forth in the Adequate Level of Reliability, and that even as NERC evaluates both traditional and evolving risks, these principles are still relevant. He noted that even for risks that are seen as "high impact, low frequency", where NERC works with policy makers to consider the costs of addressing the risks, the discussion should still be based on the principles of what constitutes an Adequate Level of Reliability.

Mr. Cauley referenced NERC's ongoing work to better integrate Mexico into the ERO model, referencing this was part of the original vision for the ERO. He referenced the work of the ERO Management Group, and invited Mr. Lane Lanford, as chair of the Regional Entity Management Group, to report on the work of the Regional Entity executives with NERC management and noted that future reports would be included as part of the President's Report. Mr. Lanford reported that the ERO Enterprise executives will be meeting to focus on the strategic plan. On ERO Enterprise technology tools, he stated that the ERO Enterprise is focused on developing tools that work across the Enterprise, which could be the single biggest efficiency gain for the overall ERO Enterprise.

Report on Canadian Regulators Meeting

Mr. Gorbet summarized the Board's meeting with Canadian regulators, noting that it had been a major objective for him to improve NERC's relationships with Canadian regulators. He reviewed the evolution of the annual meetings with Canadian regulators, which are focused on information and education.

Report on Board Strategic Planning Session

Mr. Gorbet summarized the Board's closed strategic planning session that had occurred earlier in the week, noting that the Board had modified its cycle for the annual closed strategic session to better align with the development of the ERO Enterprise strategic plan. While the Board made no decisions during the session, it did express its support for the overall direction of the strategic plan, including the draft Enterprise metrics. He noted that the Board did support the development of additional metrics that would evaluate NERC operations, while also noting that the Board uses a number of different metrics and approaches to determine compensation. With respect to the E-ISAC, Mr. Gorbet requested that management work with the ESCC and MEC to develop a five-year strategic plan that would allow the Board to consider the overall implications of the development of the E-ISAC.

In reviewing other aspects of the Board's strategic session, Mr. Gorbet noted that the Board considered (i) the implications of industry change, including the use of distributed generation, (ii) NERC's role in educating policy makers and the public on reliability issues, and (iii) the role of the technical committees and their workloads. He also reported that the Board is very supportive of NERC's outreach to Mexico.

Standards

Mr. McIntyre presented on the following Reliability Standards projects and other matters. After discussion, and upon motions duly made and seconded, the Board approved the following resolutions:

Reliability Standard PER-006-1– Project 2007-06.2 Phase 2 of System Protection Coordination

RESOLVED, that the Board hereby adopts proposed Reliability Standards PER-006-1, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, substantially in the form 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, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard PRC-001-1.1 (iii), 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.

Reliability Standard COM-001-3 – Project 2015-07 Internal Communications Capabilities

RESOLVED, that the Board hereby adopts proposed Reliability Standard COM-001-3, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, substantially in the form 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, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard COM-001-2.1, 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.

Other Matters and Reports

2017 Business Plan and Budget, Regional Entity and WIRAB 2017 Business Plans and Budgets

Ms. Schori thanked all participants for their contributions to the business plans and budgets, and especially thanked Mr. Walker and Mr. Jones. She noted the enhanced alignment of the budget and strategic plan, and the continued work to further enhance that alignment. Ms. Schori referenced the enhanced funding for the E-ISAC portal and the support of the MEC. She also noted the use of the Assessment Stabilization Reserves to better align the change in budgets and assessments. Ms. Schori reported that the full ERO Enterprise Business Plan and Budgets were presented at the Finance and Audit Committee the prior day, and that the Committee had unanimously recommended Board approval. Upon motion duly made and seconded, the following resolutions were approved:

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

- i. The Proposed 2017 NERC Business Plan and Budget, including the additions to, and use of, the Assessment Stabilization Reserve;
- ii. The proposed 2017 Business Plans and Budgets of the eight Regional Entities and the Western Interconnection Regional Advisory Board; and
- iii. The proposed 2017 assessments to recover the costs of the approved 2017 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 resolutions.

NERC Rules of Procedure Amendments

Mr. Berardesco summarized the proposed revisions to the NERC Rules of Procedure at Appendices 2, 5A, and 5B to incorporate “Frequency Response Sharing Group” and “Regulation Reserve Sharing Group” consistent with those terms as defined in the Glossary of Terms Used in NERC Reliability Standards, as set forth in the advance agenda materials. He recommended the proposed revisions for approval. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the proposed amendments to Appendices 2, 5A, and 5B to the NERC Rules of 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 resolutions.

Western Electricity Coordinating Council Bylaws

Mr. Berardesco summarized the proposed amendments to the Western Electricity Coordinating Council (“WECC”) Bylaws, referencing the advance agenda materials. He stated that NERC staff reviewed the proposed revisions to the Bylaws to ensure that they met the criteria set forth in the Regional Delegation Agreement between NERC and WECC and any other applicable regulations, and found no discrepancies, and recommended the proposed revisions for approval. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the amended and restated Western Electricity Coordinating Council Bylaws, as presented to the Board at this meeting, 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.

Memorandum of Understanding between the New Brunswick Energy and Utilities Board, the North American Electric Reliability Corporation and the Northeast Power Coordinating Council, Inc.

Mr. Berardesco presented the proposed Memorandum of Understanding between the New Brunswick Energy and Utilities Board, the North American Electric Reliability Corporation, and the Northeast Power Coordinating Council, Inc., referencing the materials included in the advance agenda package. He reviewed the key principles NERC uses to evaluating its agreements across North America, including the importance of NERC’s access to information. Messrs. Cauley and Thilly both remarked on the importance of information sharing throughout the ERO Enterprise, and that the proposed Memorandum of Understanding was an example of enhancing such information sharing. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the Memorandum of Understanding between the New Brunswick Energy and Utilities Board, the North American Electric Reliability Corporation, and the Northeast Power Coordinating Council, Inc., on substantially the terms and conditions presented to the Board at this meeting, together with such changes as are approved by NERC’s Chief Executive Officer.

FURTHER RESOLVED, that each of the Chief Executive Officer, General Counsel, and Chief Financial and Administrative Officer, are hereby authorized to execute and deliver, on behalf of NERC, the Memorandum of Understanding.

At this point in the meeting, Mr. Gorbet announced that the agenda would be modified to receive stakeholder Committee reports first, due to certain travel conflicts.

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.

Operating Committee

Jim Case, Committee Chair, highlighted key accomplishments set forth in the written report, and expressed his appreciation for the work of Larry Kezele upon his retirement.

Planning Committee

David Weaver, Committee Chair, summarized the Committee's current and upcoming activities, including work to improve the approval process of review of assessments. He also thanked the Board for approving the Committee's charter.

Critical Infrastructure Protection Committee

Marc Child, Committee Chair, summarized and highlighted portions of the written report, including work on emerging technologies and lessons learned from GridEx III. He stated that for the next year, the Committee intends to focus on security metrics, supporting the strategic plan and efforts, including work on E-ISAC and compliance, and to work on the FERC supply chain directive.

Member Representatives Committee

Nabil Hitti, MRC Chair, summarized the issues that had been discussed at the MRC meeting on the previous day, and discussed assessments and the importance of MRC policy input including the timing of policy input.

Personnel Certification Governance Committee

Brett Hallborg, Committee Chair, summarized the written report, noting the Committee's charter and manual approval at this meeting and pass rates. In reference to system operator credential renewals, he requested the input of operators in developing additional questions for the Committee's test bank.

Standards Committee

Michelle D'Antuono, reporting on behalf of the Committee chair, referenced the written report and presentations at the Board committee and MRC meetings, and noted the Committee's focus on the FERC supply chain directive.

Reliability Issues Steering Committee

Peter Brandien, Committee Chair, thanked the Board for allowing the use of policy input in the Committee's work. He stated that the Committee will use feedback received to make modifications to the risk profiles. Mr. Brandien noted that the Committee is preparing a report for the November meeting, and that the comments in the policy input will lead the Committee to clarify its recommendation. He reported that the Leadership Summit will occur next year in March in order to allow ample time for coordination.

Compliance and Certification Committee

Patti Metro, Committee Chair, referenced the written report, noting her report at the MRC meeting, and the Committee's work on reporting tools.

Electricity Subsector Coordinating Council

Mr. Cauley reported on the ESCC's recent meeting, noting that only the electric sector has the level of CEO and Canadian engagement. He summarized key strategic initiatives including information sharing, cross-sector coordination, cyber mutual assistance, operating under degraded conditions, EMPs, and GridEx lessons learned. Mr. Cauley stated that the ESCC is also focused on the upcoming government transitions as a result of the general election.

E-ISAC Quarterly Update

Mr. Sachs provided the quarterly update, referencing the presentation included in the advance agenda materials, including updates on member engagement, portal activity, NERC advisories, work with the MEC to outreach to members and potential members, staffing and technology updates, and the progress against the 2016 work plan. He noted that all major power systems are participating in the E-ISAC, and that NERC is evaluating the development of a more streamlined CRISP program.

Forum and Group Reports

North American Energy Standards Board

Michael Desselle, NAESB Chair, referenced the written report, including continued work to develop standards in response to the elimination of LSEs from the NERC registry.

North American Transmission Forum

Nelson Peeler, reporting on behalf of the CEO, referenced the Forum's written report, including the growth in the member assistance program.

North American Generator Forum

Josh Sandler, Forum Vice Chair, referenced the written report, noting work on frequency response and an upcoming workshop with NERC.

Board Committee Reports

Corporate Governance and Human Resources Committee

Mr. Clarke, Committee Chair, summarized the Committee's open and closed meetings that occurred prior to this meeting, including reviewing the status of performance metrics, draft assessments, ERO Effectiveness Survey results and action plans. He noted that the human resource and staffing update indicated that there has been a reduction in attrition. Mr. Clarke referenced the policy input on the 2017 metrics and will be working on them through the end of the year in developing compensation metrics.

Compliance Committee

Ms. Case, Committee Chair, summarized the recent sessions of the Committee. She noted a presentation on the consolidated hearing process, the handling of CIP information, and the quarterly CMEP report.

Finance and Audit Committee

Ms. Schori, Committee Chair, reported on the Committee's recent meetings. On behalf of the Committee, she requested approval of the extension of the capital financing program. Upon motions duly made and seconded, the following resolutions were approved:

RESOLVED, that the Board hereby approves NERC entering into a capital financing credit transaction with PNC Bank (the "Bank"), on substantially the same terms and conditions as presented to the Board at this meeting, subject to the approval of NERC's Chief Financial Officer and General Counsel as to the final documentation thereof (the "Credit Documents"), and that such Credit Documents may be executed on behalf of NERC by any of the Chief Executive Officer, Chief Financial Officer, or General Counsel, and each such officer of NERC is hereby authorized to take any other action requested, required or deemed advisable by the Bank in order to effectuate this resolution, all such other actions being hereby approved, ratified and confirmed.

FURTHER RESOLVED, that in connection with any extension of credit referenced or authorized by the Credit Documents, which permit NERC to effect multiple advances or draws thereunder, either of NERC's Chief Executive Officer or Chief Financial Officer (or any other person designated in writing by any of such officers) shall be authorized to request such advances or draws.

FURTHER RESOLVED, that all past acts of officers of NERC in borrowing or obtaining credit from the Bank and in executing documents or otherwise entering into agreements and giving security on behalf of NERC are hereby ratified and confirmed.

FURTHER RESOLVED, that the Bank is authorized to take any action authorized hereunder based upon: (i) the telephonic or electronic request (including e-mail request) of any person purporting to be a person authorized to act hereunder, (ii) the signature of any person authorized to act hereunder that is delivered to the Bank personally or by facsimile transmission, or (iii) the telex originated by any of such persons, tested in accordance with such testing procedures as may be established between NERC and the Bank from time to time.

FURTHER RESOLVED, that a certified copy of these resolutions be delivered to the Bank and that they and the authority vested in the persons specified herein will remain in full force and effect until a certified copy of a resolution of NERC revoking or modifying these resolutions and such authority has been delivered to the Bank, and the Bank has had a reasonable time to act thereon.

Ms. Schori then requested on behalf of the Committee acceptance of the second quarter financial statements. Upon motion duly made and seconded, the following resolution was approved:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby accepts the NERC Second Quarter 2016 Unaudited Statement of Activities, as presented to the Board at this meeting.

Enterprise-wide Risk Committee

Mr. Goulding, Committee Chair, summarized the work of the Committee, including the audit report status and heat map development.

Standards Oversight and Technology Committee

Mr. Peterson, Committee Chair, reported on the Committee's open meeting, noting that the Committee received the IT report and the standards report, and referencing the work of the IT subgroup. On standards, the report indicated that all most all FERC directives and recommendations from Paragraph 81 and the Independent Experts Panel had been addressed, and that the focus going forward should shift from looking retrospectively to looking forward on the enhancement of existing standards and development of required new standards. In commenting on the ERO Effectiveness Survey results, Mr. Peterson noted the lower scores for key items on standards, which to him appears to mean that that the term "steady state" as it relates reliability standards is more about the development process and pace and less about the about the standards themselves. He queried if there is an opportunity to shift the overall focus to a smaller core group of standards that are actually enforced. Mr. Cauley responded by noting that the Effectiveness Survey was undertaken during implementation of CIP v5, which likely affected the results, but that NERC staff would work with the Standards Committee on the feedback.

Nominating Committee

Mr. Peterson, Committee Chair, referenced his report at the MRC meeting. He noted that the interview team will include Mr. Thilly as incoming Board Chair.

Closing Remarks

In his closing remarks, Mr. Gorbet expressed his appreciation to this meeting's speakers for their attendance, and stated that he believed this had been an excellent set of meetings. He expressed his thanks to the NERC and regional entity staff for their hard work at these meetings.

Adjournment

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

Submitted by,



Charles A. Berardesco
Corporate Secretary

Agenda

Board of Trustees

August 11, 2016 | 9:00 a.m.-12:00 p.m. Atlantic

Halifax Marriott Harbourfront
1919 Upper Water Street
Halifax, NS B3J 3J5, Canada

Conference Room: Nova Scotia Ballroom – 2nd Floor

Call to Order

NERC Antitrust Compliance Guidelines—Public Announcement

Consent Agenda – Approve

1. Minutes*

- a. May 13, 2016 Conference Call
- b. May 5, 2016 Meeting

2. Committee Membership and Charter Changes*

- a. Compliance and Certification Committee Membership
- b. Planning Committee Membership and Charter
- c. Operating Committee Membership
- d. Personnel Certification Governance Committee Membership

Regular Agenda

3. Remarks and Reports

- a. Opening Remarks by Board Chair
- b. Remarks by Chairman Norman Bay, FERC
- c. Remarks by Patricia Hoffman, DOE
- d. Remarks by Murray Doehler, CAMPUT
- e. Remarks by Sergio Marchi, Canadian Electricity Association
- f. Remarks by Bob Hanf, Executive Vice President, Emera
- g. President's Report

4. Report on Canadian Regulators Meeting – Information

5. Report on Board of Trustees Strategic Planning Session – Information

6. Standards*

- a. Project 2007-06.2: Phase 2 of System Protection Coordination (PER-006-1; Retirement of PRC-001) – **Adopt**

- b. Project 2015-07: Internal Communications Capabilities (COM-001) – **Adopt**

7. Other Matters and Reports

- a. NERC 2017 Business Plan and Budget, Regional Entity and WIRAB 2017 Business Plans and Budgets – **Approve**
- b. NERC Rules of Procedure Amendments* – **Approve**
 - i. Add Reserve Sharing Groups
- c. Proposed Amendment to the Bylaws of the Western Electricity Coordinating Council – **Approve**
- d. Memorandum of Understanding with the New Brunswick Energy and Utilities Board and NPCC – **Approve**
- e. E-ISAC Quarterly Update* – **Information**

8. Committee Reports*

- a. Operating Committee
- b. Planning Committee
- c. Critical Infrastructure Protection Committee
- d. Member Representatives Committee
- e. Personnel Certification Governance Committee
- f. Standards Committee
- g. Reliability Issues Steering Committee
- h. Compliance and Certification Committee
- i. Electricity Subsector Coordinating Council

9. Forum and Group Reports*

- a. North American Energy Standards Board
- b. North American Transmission Forum
- c. North American Generator Forum

10. Board Committee Reports

- a. Corporate Governance and Human Resources
- b. Compliance
- c. Finance and Audit
 - i. Extension of Capital Financing Program – **Approve**
 - ii. Second Quarter 2015 Unaudited Statement of Activities – **Accept**
- d. Enterprise-wide Risk
- e. Standards Oversight and Technology
- f. Nominating Committee

11. Adjournment

*Background materials included.