

Minutes Board of Trustees

February 9, 2017 | 8:30 a.m.–12:00 p.m. Pacific

Westin San Diego
400 West Broadway
San Diego, CA 92101

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 San Diego, California, on February 9, 2017, at 8:30 a.m. Pacific, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

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

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Howard Gugel, Senior Director of Standards
Stan Hoptroff, Vice President, Chief Technology Officer, and Director of Information Technology
Scott Jones, Vice President, Corporate Treasurer and Director of Finance and Administration
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Ken McIntyre, Vice President and Director of Standards and Compliance
Sonia Mendonça, Vice President, Deputy General Counsel and Director of Enforcement
James Merlo, Vice President and Director of Reliability Risk Management
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 and Director of Policy and External Affairs
Michael Walker, Senior Vice President and Chief Financial and Strategic Development 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

Mr. Gorbet welcomed attendees to the meeting. He expressed his appreciation to Pat Hoffman of the Department of Energy, Murray Doehler of CAMPUT, and Mike Bardee, Director of the Office of Electric Reliability of the Federal Energy Regulatory Commission (FERC), for their attendance at the meeting. Mr. Gorbet congratulated Cheryl LaFleur on her appointment as Acting Chairman, and thanked Norman Bay for his service as Chairman, of FERC. Mr. Gorbet welcomed Deborah Parker as a trustee of the Board. Mr. Gorbet noted that Paul Barber's term as trustee had been completed the previous day. On behalf of the Board, he moved the following resolutions, which were unanimously approved, and presented Mr. Barber with a version of the resolutions signed by all trustees:

WHEREAS, Paul F. Barber has served as a member of the Board of Trustees of the North American Electric Reliability Corporation (NERC) and its predecessor organization, the North American Electric Reliability Council, for 12 years, including having served as Vice Chair of the Board, Chair of the Board's Compliance Committee and as a member of, and Board liaison to, the Electricity Subsector Coordinating Council; and

WHEREAS, Mr. Barber was integral in the process whereby NERC was designated as the North American Electric Reliability Organization (ERO); and

WHEREAS, Mr. Barber provided invaluable counsel, advice and direction as NERC undertook its responsibilities as the ERO and promulgated the first mandatory standards for bulk power system reliability and began the enforcement of such standards; and

WHEREAS, Mr. Barber has been a valued colleague and friend to the members of NERC's Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Trustees of the North American Electric Reliability Corporation does hereby convey its deepest gratitude to Paul F. Barber for his years of distinguished service and honors him on the occasion of his retirement as a member of the Board of Trustees.

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 and to approve Mr. Cauley's compensation.

Consent Agenda

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

Minutes

The draft minutes for the November 2, 2016 and December 14, 2016 meetings were approved as presented to the Board at this meeting.

Committee Membership Appointments and Charter Revisions

Election and Appointment of NERC Officers

RESOLVED, that the Board, upon recommendation of the Corporate Governance and Human Resources Committee, hereby elects the following officers of the Corporation for 2016:

- Roy Thilly, Chair
- Kenneth W. DeFontes, Jr., Vice Chair
- Gerald W. Cauley, President and Chief Executive Officer

FURTHER RESOLVED, that the Board, upon recommendation of the President and the Corporate Governance and Human Resources Committees, hereby appoints the following individuals as officers of the Corporation for 2017:

- Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
- Mark G. Lauby, Senior Vice President and Chief Reliability Officer
- Marcus H. Sachs, Senior Vice President and Chief Security Officer
- Janet Sena, Senior Vice President and Director of Policy and External Affairs
- Michael Walker, Senior Vice President and Chief Financial and Strategic Development Officer
- Stanley Hoptroff, Vice President, Chief Technology Officer, and Director of Information Technology
- Scott Jones, Vice President, Corporate Treasurer, and Director of Finance and Administration
- Kenneth McIntyre, Vice President and Director of Standards and Compliance
- Sonia Mendonca, Vice President, Deputy General Counsel, and Director of Enforcement
- James Merlo, Vice President and Director of Reliability Risk Management
- Timothy E. Roxey, Vice President and Chief E-ISAC Operations Officer

Reliability Issues Steering Committee Membership

RESOLVED, that the Board hereby approves the appointment of the following individuals to the Reliability Issues Steering Committee (“RISC”), each for a term ending on January 31, 2019:

- Carol Chinn, MRC Member, Regulatory Compliance Officer of Florida Municipal Power Agency
- Tim Eckel, At-Large Member, Vice President of Transmission Services of SaskPower
- Mark McCulla, At-Large Member, Vice President of Transmission Operations of Entergy

- Nelson Peeler, At-Large Member, Chief Transmission Officer of Duke Energy
- John Pespisa, MRC Member, Director, NERC Compliance Program of Southern California Edison
- Woody Rickerson, At-Large Member, Vice President of Grid Planning and Operations of ERCOT
- Chris Root, At-Large Member, Chief Operating Officer of Vermont Electric Power Company

FURTHER RESOLVED, that the Board hereby approves the appointment of the following individual to the RISC, for a term ending on January 31, 2018:

- Herb Schrayshuen, MRC Member

FURTHER RESOLVED, that the Board hereby approves the appointment of the following individuals to the RISC, each for a term ending on January 31, 2018:

- Terry Bilke, of the Compliance and Certification Committee
- Brian Evans-Mongeon, Vice Chair, Planning Committee
- Lloyd Linke, Vice Chair, Operating Committee
- Nathan Mitchell, Co-Vice Chair, Critical Infrastructure Protection Committee
- Brian Murphy, Chair, Standards Committee

FURTHER RESOLVED, that the Board hereby approves the appointment of Peter Brandien of ISO New England to serve as chair of the RISC for a term of two years.

Personnel Certification Governance Committee Membership

RESOLVED, that the Board hereby approves the reappointment of the following individuals to the Personnel Certification Governance Committee, each for a term ending on December 31, 2018:

- Don Urban of ReliabilityFirst
- Cory Danson of Western Area Power Administration
- Mark Thomas of Entergy
- Margaret Adams of Southwest Power Pool
- Misty Revenew of Lower Colorado River Authority

Operating Committee Charter

RESOLVED, that the Board hereby approves the amended Operating Committee (“OC”) charter, substantially in the form presented to the Board at this meeting, to replace the OC charter approved by the Board on November 7, 2013.

Critical Infrastructure Protection Committee Charter

RESOLVED, that the Board hereby approves the amended Critical Infrastructure Protection Committee (“CIPC”) charter, substantially in the form presented to the Board at this meeting, to replace the CIPC charter approved by the Board on May 5, 2016.

Regular Agenda

Remarks by Outgoing and New Board Chair

Mr. Gorbet, as the outgoing Chair of the Board, provided perspectives on NERC in the context of his service as Board Chair. Among a number of points, he noted the transition of the ERO Enterprise to being more of a risk-based organization, the development of a deep and talented management team, the enhance cohesion of NERC and the Regional Entities, the strength of the technical committees, and the enhanced relationships with FERC and the Canadian regulators. Mr. Gorbet noted key successes, including the development of the GMD standard and the transition of the ESCC structure, observing that these showed an organization can handle challenges provided it is committed to listening with respect and honoring the sometimes differing views of stakeholders. He thanked Mr. Cauley and the senior leadership team for the strong relationship with the Board, noting that Mr. Cauley approached his role as CEO and trustee with openness and respect. Mr. Gorbet also thanked fellow trustees, and welcomed Mr. Thilly as the new Chair.

Mr. Thilly recognized the strength of the management team led by Mr. Cauley, and expressed his appreciation for regional leadership and volunteers. He stated that the organization is strong, but should also look for continuous improvement, and asked stakeholders to continue their engagement and their focus on reliability. Mr. Thilly thanked Nabil Hitti for his leadership as Chair of the MRC, congratulated Mr. Barber upon his retirement from the Board, and welcomed Ms. Parker to the Board. He noted that he had asked Mr. Gorbet to be the Board liaison with management on work with Canada and Mexico, and had asked Mr. DeFontes to be the Board liaison for business continuity and IT security. Mr. Thilly also discussed the Board’s work on longer-term strategic vision, and focus on enhancing the ERO Enterprise model.

Remarks by Patricia Hoffman, Acting Assistant Secretary, Department of Energy

Ms. Hoffman described her current role, and expressed her appreciation for the collaborative relationship between NERC and the DOE. She discussed areas of focus including emergency response efforts to extreme weather and GMD, questions around the evolving role of distribution systems, identifying infrastructure needs and opportunities, preventing releases of sensitive information, and cybersecurity including necessary government/industry collaboration.

Remarks by Murray Doehler, Chair, CAMPUT

Mr. Doehler discussed importance of relationships, using the Halifax explosion and the assistance provided by Boston as an example, and emphasized the importance of relationships inside NERC and other cross-border relationships.

Remarks by Scott Drury, President, San Diego Gas & Electric

Mr. Drury discussed the focus of the company, particularly technology innovation and clean energy. He introduced Dave Geier, Vice President of Electric Transmission and Engineering, San Diego Gas & Electric,

who discussed the importance of NERC, and stated that the focus of a NERC-regulated organization should not be only on compliance but on enhancing reliability and security.

President's Report

Mr. Cauley welcomed Ms. Parker to the Board and acknowledged the transition from Mr. Gorbet to Mr. Thilly as Chair of the Board, thanking Mr. Gorbet for his service. Mr. Cauley also recognized Mr. Barber, noting their long relationship dating back to his time at West Point when he was a student of Mr. Barber's, and Mr. Barber's contributions to the industry and NERC. Turning to a review of 2016, Mr. Cauley emphasized that it had been an excellent year for NERC. He noted that NERC's progress is reflected in the nature and goals set forth in the new corporate metrics, which are in some ways more difficult and focused on influence and effect.

In discussing the question of the cost effectiveness of standards, Mr. Cauley noted that NERC is not really proposing a large number of new reliability standards outside of regulatory directives, and argued that there could be a focus on the review of existing standards to make sure they are cost effective. The real focus should be moving everyone to truly thinking about risk-based CMEP and on operational outcomes. Mr. Cauley discussed the alignment between every day operations and compliance, arguing that compliance should be an enhancement to the effort to have better operations. He referenced the presentations at the previous day's meetings on key emerging issues. Mr. Cauley noted that another key focus is on cyber and physical security, which could be an area of convergence with the new administration, and that NERC is already a part of the discussion. In that regard, the E-ISAC needs to continually enhance its analytical capabilities and access additional information.

Mr. Cauley introduced Lane Lanford, representing the Regional Entity executives. Mr. Lanford discussed the CMEP technology project, which is intended to drive more common business processes, and thus drive consistency. Mr. Lanford also expressed that the ERO Enterprise management group is focused on consistency.

Board Self-Assessment Results

Mr. Thilly noted discussions during the previous day's meetings, stating that the Board will look to improve the survey and takes stakeholder comments seriously. Mr. Cauley noted feedback on transparency and cost effectiveness, and that management will focus on how to assist the Board in this area.

Standards

Mr. Thilly noted that in considering the cost effectiveness of proposed reliability standards, the best information would come from industry. He asked that future standards reports address cost effectiveness and how it has been addressed in the standards development process.

Mr. Gugel 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:

Modifications to TOP and IRO Standards — IRO-002-5 and TOP-001-4

RESOLVED, that the Board hereby adopts the proposed Reliability Standards IRO-002-5 and TOP-001-4, 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 Standards, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standards IRO-002-4 and TOP-001-3, 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.

Emergency Operations — EOP-004-4, EOP-005-3, EOP-006-3, and EOP-008-2

RESOLVED, that the Board hereby adopts the proposed Reliability Standards EOP-004-4, EOP-005-3, EOP-006-3, and EOP-008-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plans, 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 proposed retirement of Reliability Standards EOP-004-3, EOP-005-2, EOP-006-2, and EOP-008-1, 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.

Modifications to CIP Standards — CIP-003-7

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-003-7, 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 CIP-003-6, and the proposed retirement of the existing NERC Glossary definitions of “Low Impact BES Cyber System Electronic Access Point” and “Low Impact External Routable Connectivity”, 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.

Texas RE Standards Development Process Revisions

RESOLVED, that the Board hereby approves the proposed Texas RE Standards Development Process revisions, 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.

Regional Reliability Standard VAR-501-WECC-3 — Power System Stabilizer

RESOLVED, that the Board hereby adopts the proposed regional Reliability Standard VAR-501-WECC-3, 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 Standards, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard VAR-501-WECC-2, 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.

Revisions to Regional Reliability Standard BAL-001-TRE-01, Attachment 2 – Primary Frequency Response Reference Document

Mr. Gugel reviewed the revisions to the reference documents as outlined in the advance agenda package, noting this was for informational purposes only.

Other Matters and Reports

Efficiency and Effectiveness Metric

Mr. Walker summarized the four measures that are part of the new Efficiency and Effectiveness metric. Upon motion duly made and seconded, the following resolution was approved:

RESOLVED, that the Board hereby approves the proposed Efficiency and Effectiveness Metric, as presented to the Board at this meeting, as an addition to the 2017-2020 ERO Enterprise Strategic Plan and Metrics approved by the Board on November 2, 2016.

Distributed Energy Resources Task Force Final Report

Rich Hydzik, Chair of the task force, summarized the report. He discussed the process for developing the report, and reviewed key findings. Mr. Hydzik outlined the key recommendations, including those of developing reliability guidelines, data sharing, modeling and industry collaboration. Mr. Cauley discussed next steps, noting the process used to produce this report and its value for future similar efforts. After discussion, and upon motion duly made and seconded, the following resolutions were approved:

RESOLVED, that the Board, hereby accepts the Distributed Energy Resources Task Force Report (“Report”), substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby endorses the recommendations outlined in the Report, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Report for publication, as presented to the Board at this meeting.

Proposed Amendments to the Bylaws of the Texas RE

Mr. Berardesco summarized the proposed amendments to the Texas Regional Entity (“Texas RE”) 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 Texas RE 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 resolutions:

RESOLVED, that the Board hereby approves the amendments to the Bylaws of the Texas RE, 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.

FERC Data Access

Mr. Merlo provided an updated on the process, discussing the establishment of mechanisms to share data securely with FERC.

U.S. Government Relations

Ms. Sena provided an update on the transition, key positions, and current appointments within the new administration. She discussed NERC outreach, and executive orders and potential applications to FERC as an independent agency.

Western Interconnection Assurance Project

Mr. Cauley introduced and provided background on the assurance project. Mr. McIntyre and Melanie Frye of WECC presented the report, providing an overview of the joint NERC/WECC project. In reviewing the report, they noted it assessed key operational areas and set forth areas for improvement, commenting that there was a broad range of performance. Mr. McIntyre and Ms. Frye outlined next steps, including publication of a public report. Jim Robb, CEO of WECC, lauded the effective collaboration between NERC and WECC staff. He discussed the diversity of Transmission Operators in the region, noting that the quality of practices was not positively correlated to entity size. Mr. Thilly complimented the project, and Mr. Cauley noted there would be updates in the future.

Mexico Update

Mr. Cauley provided an update on Mexico, noting that a Memorandum of Understanding was still in final negotiation and subject to final Mexican and Board review, and thus could not be actually published at this time. Mr. Berardesco summarized the key terms of the draft MOU. The Board provided authorization for management to finalize the MOU and to seek final Board approval by means of a written consent.

E-ISAC Quarterly Update

Mr. Sachs presented the quarterly E-ISAC update, referencing the materials included in the advance agenda package, including various statistics, advisories and reports, a technology update, and a staffing update. He discussed activities around the “Internet of Things” and Level 2 NERC Alert recommendation. Mr. Sachs noted the rollout of the CAISS system, and reviewed the development of the CRISP unclassified data center.

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. Mr. Thilly asked, in light of the timing of this meeting, that the representatives focus only on key or new items from their written report.

Operating Committee

Jim Case, Committee Chair, referenced the written report and noted alignment with NERC’s strategic plan, summarizing key work products.

Planning Committee

Brian Evans-Mongeon, Committee Vice Chair, referenced the written report, and noted key activities since the last Board meeting.

Critical Infrastructure Protection Committee

Marc Child, Committee Chair, summarized and highlighted portions of the written report, noting the approval of a new charter and work plan for 2017. Upon motion duly made and seconded, the following resolution was approved:

RESOLVED, that the Board, hereby approves the revised Critical Infrastructure Protection Committee Strategic Plan, as presented to the Board at this meeting.

Member Representatives Committee

John Twitty, MRC Chair, summarized the issues that had been discussed at the MRC meeting on the previous day. He thanked the Board members, and also asked for volunteers from the MRC membership to serve on the 2017 Board Nominating Committee.

Personnel Certification Governance Committee

Brett Hallborg, Committee Chair, referenced the written report.

Standards Committee

Michelle D'Antuono, Committee Vice Chair, noted that the written report had been reviewed the prior day. Upon motion duly made and seconded the following resolution was approved:

RESOLVED, that the Board, hereby approves the 2017-2019 Standards Committee Strategic Work Plan, as presented to the Board at this meeting.

Reliability Issues Steering Committee

Peter Brandien, Committee Chair, thanked the Board for designating new members for the RISC, and noted the upcoming Reliability Leadership Summit.

Compliance and Certification Committee

Patti Metro, Committee Chair, referenced the written report. Mr. Thilly thanked Ms. Metro for her work bringing the CCC forward as a significant aid to the Board. The CCC presented the analysis of the stakeholder perception to the Enterprise-wide Risk Committee, which will be posted. Upon motion duly made and seconded the following resolution, endorsed by the Enterprise-wide Risk Committee, was approved:

RESOLVED, that the Board, hereby approves the 2017 Compliance and Certification Committee Work Plan, as presented to the Board at this meeting.

Electricity Subsector Coordinating Council

Mr. Cauley reported that the ESCC recently met and that he and Mr. Hawkins attended. He noted the high level of CEO engagement, and the work to build relationships with the new administration to replicate the strong relationship with the outgoing administration.

Forum and Group Reports

North American Energy Standards Board

Michael Desselle, NAESB Chair, referenced the written report, noting the approval of the time error correction standard. He also discussed work on power/gas coordination.

North American Transmission Forum

Tom Galloway, Forum CEO, referenced the written report and highlighted the excellent coordination with NERC. He discussed the Forum's focus areas for 2017.

North American Generator Forum

Allen Shriver, Forum COO, referenced the written report and noted the strong collaboration with FERC and NERC, particularly on new technologies.

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. He outlined 2017 focuses, including Request for Proposals for management and board compensation. Mr. Clarke noted the new corporate metrics, and the Committee's focus on how they are working. He noted the stabilized attrition rate, and focus on retention and development of employees. Mr. Clarke discussed looking at whether to select a new consultant for future Board/MRC assessments, and reviewed the Committee's self-assessment. He invited continued input on the assessments and areas discussed during the MRC meeting.

Mr. Clarke presented the proposed Board Committee slate. Upon motion duly made and seconded, the following resolution was approved:

RESOLVED, that the Board, upon recommendation of the Corporate Governance and Human Resources Committee, hereby approves the 2017 Board Committee Assignments, as presented to the Board at this meeting.

ESCC Observer – George Hawkins

Corporate Governance and Human Resources

Bob Clarke, Chair
Fred Gorbet
Deborah Parker
Ken Peterson
Roy Thilly, *ex officio*

Enterprise-wide Risk
Dave Goulding, Chair

Compliance

Janice Case, Chair
Fred Gorbet
Dave Goulding
Jan Schori
Roy Thilly, *ex officio*

Finance and Audit
Jan Schori, Chair

Bob Clarke
Ken DeFontes
Jan Schori
Roy Thilly, *ex officio*

Nominating

Fred Gorbet, Chair
Janice Case
Bob Clarke
Ken DeFontes
Dave Goulding
Deborah Parker
Roy Thilly

Janice Case
Deborah Parker
Ken Peterson
Roy Thilly, *ex officio*

**Standards Oversight and
Technology**

Ken Peterson, Chair
Ken DeFontes
Dave Goulding
George Hawkins
Roy Thilly, *ex officio*

Mr. Clarke presented the Committee’s recommendation on a contribution to the Employee Savings and Investment Plan. Upon motion duly made and seconded, the following resolution was approved:

RESOLVED, that the Board, upon recommendation of the Corporate Governance and Human Resources Committee, hereby approves a contribution into NERC’s Savings and Investment plan (the “Plan”) for the year ending on December 31, 2016, for the accounts of each eligible employee participating in the Plan, equal to 8% of such employee participant’s 2016 base salary, as presented to the Board at this meeting.

Compliance Committee

Ms. Case, Committee Chair, summarized the recent sessions of the Committee, noting that the Committee is working on developing a framework to enhance ERO Enterprise consistency. She discussed the Committee’s enhanced focus on more significant risks to reliability. The Committee will be closely reviewing larger violations, and focusing on insuring more timely and sustainable mitigation. Ms. Case also referenced a generally increasing range on penalties relating to significant risks.

Finance and Audit Committee

Ms. Schori, Committee Chair, reported on the Committee’s recent meetings. She discussed the upcoming work on developing 2018 budgets. Ms. Schori also discussed providing Regional Entities with options to reduce assessments if reserves are higher than budgeted. She stated that the Committee will be focused on 2017 budget oversight including movement of expenditures from operating to capital, looking at its Mandate around key fiduciary activities, and considering a potential update of investment policy. 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 2016 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Results, as presented to the Board at this meeting.

Enterprise-wide Risk Committee

Mr. Goulding, Committee Chair, summarized the recent meeting of the Committee, including the review of the generally positive self-assessment results, CCC activities including work on ERO Effectiveness surveys, the 2016 work plan status, and approval of the 2017 audit plan.

Standards Oversight and Technology Committee

Mr. Peterson, Committee Chair, noted the Committee's IT oversight focus, and the decision to disband the information Committee IT oversight team in light of the strong company controls around IT projects. He noted the presentations at the Committee's meeting. Looking forward, the Committee will continue to focus on IT oversight. Mr. Peterson also discussed examining the results of enhanced periodic reviews and consideration of cost effectiveness.

Closing Remarks

Mr. Barber provided closing remarks, and expressed the importance of enhancing the pipeline for new engineers for the industry. He also thanked Ms. Buzzard for all of her support.

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

February 9, 2017 | 8:30 a.m.–12:00 p.m. Pacific

Westin San Diego
400 West Broadway
San Diego, CA 92101

Conference Room: Emerald Ballroom (2nd floor)

Call to Order

NERC Antitrust Compliance Guidelines—Public Announcement

Consent Agenda - Approve

1. Minutes*

- a. December 14, 2016 Conference Call
- b. November 2, 2016 Meeting

2. Committee Membership and Charter Changes*

- a. Election and Appointment of NERC Officers
- b. Reliability Issues Steering Committee Membership
- c. Personnel Certification Governance Committee Membership
- d. Operating Committee Charter
- e. Critical Infrastructure Protection Committee Charter

Regular Agenda

3. Remarks and Reports

- a. Opening Remarks by Board Chair
- b. Remarks by Patricia Hoffman, Acting Assistant Secretary, DOE
- c. Remarks by Murray Doehler, Chair, CAMPUT
- d. Report on California – Scott Drury, President, San Diego Gas & Electric
- e. President's Report
- f. Board of Trustees Self-Assessment Results

4. Standards*

- a. Project 2016-01 Modifications to TOP and IRO Standards (IRO-002-5, TOP-001-4) – **Adopt**
- b. Project 2015-08 Emergency Operations (EOP-004-4, EOP-005-3, EOP-006-3, EOP-008-2) – **Adopt**
- c. Project 2016-02 Modifications to CIP Standards (CIP-003-7) – **Adopt**
- d. Texas RE Standards Development Process Revisions – **Approve**
- e. WECC Regional Reliability Standard VAR-501-WECC-3 – **Adopt**
- f. Revisions to Regional Reliability Standard BAL-001-TRE-01, Attachment 2 – Primary Frequency Response Reference Document – **Information**

5. Other Matters and Reports*

- a. Efficiency and Effectiveness Metric – **Approve**
- b. Distributed Energy Resources Task Force Final Report – **Accept**
- c. Proposed Amendments to the Bylaws of Texas RE – **Approve**
- d. FERC Data Access – **Update**
- e. U.S. Government Relations: New Administration Appointments – **Update**
- f. Western Interconnection Assurance Project – **Information**
- g. Mexico Update – **Update**
- h. E-ISAC Quarterly Update – **Information**

6. Committee Reports*

- a. Operating Committee
- b. Planning Committee
- c. Critical Infrastructure Protection Committee
 - i. CIPC Strategic Plan 2015-2018 – **Approve**
- d. Member Representatives Committee
- e. Personnel Certification Governance Committee
- f. Standards Committee
 - i. Standards Committee Strategic Work Plan 2017-2019 – **Approve**
- g. Reliability Issues Steering Committee
- h. Compliance and Certification Committee
 - i. 2017 Work Plan – **Approve**
- i. Electricity Subsector Coordinating Council

7. Forum and Group Reports*

- a. North American Energy Standards Board

- b. North American Transmission Forum
- c. North American Generator Forum

8. Board Committee Reports

- a. Corporate Governance and Human Resources
 - i. 2017 Board Committee Assignments – **Approve**
 - ii. 2016 Contribution to Savings and Investment Plan – **Approve**
- b. Compliance
- c. Finance and Audit
 - i. NERC 2016 Unaudited Results—Actual to Budget Variance Analysis – **Accept**
 - ii. Combined ERO Enterprise 2016 Unaudited Results—Actual to Budget Variance Analysis – **Accept**
 - iii. Regional Entity 2016 Unaudited Results—Actual to Budget Variance Analysis – **Accept**
- d. Enterprise-wide Risk
- e. Standards Oversight and Technology

9. Adjournment

*Background materials included.