

Minutes Board of Trustees

August 16, 2018 | 8:30 a.m.–12:00 p.m. Mountain

The Westin Calgary
320 4th Avenue SW
Calgary, AB T2P 2S6, Canada

Call to Order

Mr. Roy Thilly, Chair, called to order the duly noticed open meeting of the Board of Trustees (the “Board”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) in Calgary, Alberta on August 16, 2018, at 8:30 a.m. Mountain, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

Roy Thilly, Chair
Kenneth W. DeFontes, Jr., Vice Chair
Janice B. Case
Robert G. Clarke
Frederick W. Gorbet
David Goulding
George S. Hawkins
Suzanne Keenan
Robin E. Manning
James B. Robb, President and Chief Executive Officer
Jan Schori

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Howard Gugel, Senior Director of Standards
Scott Jones, Senior Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
Ed Kichline, Senior Counsel and Director of Enforcement Oversight
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Ken McIntyre, Vice President and Director of Standards and Compliance
John Moura, Director of Reliability Assessment and System Analysis
Janet Sena, Senior Vice President and Director of Policy and External Affairs
Michael Walker, Senior Vice President and Chief Enterprise Risk and Strategic Development Officer

NERC Antitrust Compliance Guidelines

Mr. Thilly noted the public nature of the meeting and directed the participants' attention to the NERC Antitrust Compliance Guidelines included with the advance meeting materials, and stated that any additional questions regarding these guidelines should be directed to Mr. Berardesco.

Welcoming Remarks

Mr. Thilly welcomed all of the attendees, expressing his appreciation of the interest and support of stakeholders through their attendance at meetings. Mr. Thilly remarked that the prior days' meeting of the Member Representatives Committee went exceptionally well, and he commended the presenters on their outstanding presentations.

Consent Agenda

Upon motion duly made and seconded, the Board approved the amended consent agenda, reflecting an additional item to appoint a NERC officer, as follows:

Minutes

The draft minutes for the June 12, 2018 and May 10, 2018 meetings were approved as presented to the Board at this meeting.

Appointment of NERC Officer

RESOLVED, that the Board, upon the recommendation of the President and the CGHRC, hereby appoints the following individual as an officer of the Corporation for 2018:

- Bill Lawrence, Vice President and Chief Security Officer

Committee Membership Appointments and Charter Revisions

Critical Infrastructure Protection Committee

RESOLVED, that the Board hereby approves the appointment of the following individuals to the Critical Infrastructure Protection Committee, representing the SERC Region, each to serve for an unexpired term:

- Brian Harrell of Duke Energy, to replace Bruce Martin, of Duke Energy.
- Tony Hall of LGE-KU, to replace Cynthia Hill-Watson, of TVA.

Planning Committee

RESOLVED, that the Board hereby approves the following appointments, for a term of two years.

Planning Committee Annual Election Results: 2018–2020 Term

| Sector | Elected Members | Company |
|---|-------------------------|---------------------------------------|
| 1. Investor-Owned Utility | Jason Spitzkoff | Arizona Public Service Company |
| 2. State/Municipal Utility | Arthur Iler | American Municipal Power, Inc. |
| 3. Cooperative Utility | Joseph Sowell | Georgia Transmission Corporation |
| 4. Federal or Provincial Utility/Federal Power Marketing Administration | Wayne Guttormson | SaskPower |
| | Steve Blackburn | Hydro-Quebec |
| 5. Transmission Dependent Utility | Brian Zavesky | Missouri River Energy Services |
| 6. Merchant Electricity Generator | Michael Goggin | Grid Strategies LLC |
| 7. Electricity Marketer | Kyle Vander Helm | Tenaska |
| 8. Large End-Use Electricity Customer | No nominations received | N/A |
| 9. Small End-Use Electricity Customer | No nominations received | N/A |
| 10. Independent System Operator/Regional Transmission Organization | Dana Walters | NYISO |
| 12. State Government | Cezar Panait | Minnesota Public Utilities Commission |

Operating Committee

RESOLVED, that the Board hereby approves the following appointments, for a term of two years.

Operating Committee Annual Election Results – 2018-2020 Term

| Sector | Elected Member | Company |
|---|-------------------------|--|
| 1. Investor-Owned Utility | Doug Hils | Duke Energy |
| 2. State/Municipal Utility | Sidney Jackson | Rochester Public Utilities (Minnesota) |
| 3. Cooperative Utility | Jeff Harrison | AECI |
| 4. Federal or Provincial Utility/Federal Power Marketing Administration | Michelle Rheault | Manitoba Hydro |
| 5. Transmission Dependent Utility | Brian Robinson | Utility Services, Inc. |
| 6. Merchant Electricity Generator | Allen Schriver | NextEra Energy – Florida Power and Light |
| 7. Electricity Marketer | JT Thompson | NIPPC |
| 8. Large End-Use Electricity Customer | Tom Siegrist | Stone, Mattheis, Xenopoulos and Brew, PC |
| 9. Small End-Use Electricity Customer | No nominations received | N/A |
| 10. Independent System Operator/ Regional Transmission Organization | Peter Brandien | ISO New England |
| 12. State Government | William Chambliss | Virginia State Corporation Commission |

Compliance and Certification Committee

RESOLVED, that the Board hereby approves the appointment of a new CCC representative for the State/Municipal Utility sector, for a three-year term effective upon the date of Board approval.

- John Allen, City Utilities of Springfield, MO.

Regular Agenda

Remarks by Dave Erikson, Chief Executive Officer, Alberta Electric System Operator (“AESO”)

Mr. Thilly introduced Mr. Erikson of AESO. Mr. Erikson welcomed the attendees to Calgary. He stressed value of infrastructure, including electricity, in making Calgary the most livable city in North America. Mr. Erikson also discussed the transformation in the Alberta system, including initiatives to expand renewables and to phase out coal-fired generation. Mr. Erikson stated that NERC has an enormous role to play as the industry transforms, helping industry tackle challenges in a risk-based manner. He encouraged continued collaboration to face emerging challenges.

Remarks by Catherine Jereza, Deputy Assistant Secretary, U.S. Department of Energy (“DOE”)

Mr. Thilly introduced Ms. Jereza of DOE. Ms. Jereza discussed DOE priorities, focusing on the North American grid modeling project. She explained that this project will provide a tool allowing for better study of the grid and potential recovery strategies, addressing issues such as resilience. She also discussed work that is underway at DOE to develop a procedure for the collection, storage, and dissemination of Critical Energy Infrastructure Information under the Fixing America’s Surface Transportation (“FAST”) Act of 2015.

Remarks by Murray Doehler, Past Chair, CAMPUT and David Morton, Incoming CAMPUT Representative to NERC

Mr. Thilly introduced Mr. Doehler, noting his retirement and thanking him for his work with NERC and the enhancement of relationships between NERC and Canadian regulators. Mr. Thilly commended Mr. Doehler’s dedication to public service.

Mr. Morton was welcomed as the new CAMPUT representative to NERC. Mr. Morton remarked that the August 14, 2018 meeting between NERC and the Canadian regulators went well, as did the meetings held the prior day. He emphasized the need for ongoing monitoring of evolving issues, such as distributed resources. Mr. Morton thanked Mr. Doehler for his service, and he noted that he looks forward to serving in his new role.

Remarks by Sergio Marchi, President and CEO, Canadian Electricity Association (“CEA”)

Mr. Thilly introduced Mr. Marchi of CEA. Mr. Marchi welcomed the attendees to Canada and congratulated Mr. Lawrence on his appointment as chief security officer. He noted the positive role of NERC since the August 2003 blackout and the importance of NERC as an international reliability organization. Mr. Marchi noted NERC’s continuing work and stated that it should be done in a cost-effective and efficient manner. He noted the ongoing discussions around the E-ISAC and the value it may provide to Canadian entities, given the ongoing efforts of the Canadian governmental authorities in the area of cyber security. He stated that CEA and its members do not support the 25 percent budget increase for the E-ISAC, due to the perceived lack of value. He noted his support of continued work to enhance the value of the E-ISAC for Canadian entities.

Mr. Thilly responded that the Board is very focused on the execution of the E-ISAC strategic plan and enhancing the value of the E-ISAC for Canadian entities. He encouraged Canadian entities to increase their participation in the E-ISAC.

President's Report

Mr. Robb delivered the president's report. He noted that 2018 is a year of anniversaries for NERC, and he noted the blackouts, including the August 2003 blackout, that led to formation of NERC and its designation as the Electric Reliability Organization. Mr. Robb provided an update on his four areas of focus: (1) security, including the E-ISAC; (2) Reliability Coordinator issues in the West; (3) integration of new technologies; and (4) the changing resource mix.

With respect to the first priority, Mr. Robb stated that he was very pleased that NERC has completed its chief security officer search. He noted Mr. Lawrence's service orientation and the role of the E-ISAC, stating that much work remains to execute the E-ISAC strategic plan. He also thanked Mr. Roxey for his service as interim chief security officer.

With respect to the second priority, Mr. Robb noted that NERC and WECC are working in full lockstep to address Reliability Coordinator issues in the West and emphasized the need to remove uncertainty.

With respect to the third priority, Mr. Robb emphasized the need to focus on the effect of new resources, such as inverters and electric storage resources, and noted the great work and collaboration with industry and vendors to address potential issues. He noted the development of a guideline, currently out for comment and scheduled for technical committee review in September, as well as a potential standards development project to address inverter-based resources. He also noted the work of the Institute of Electrical and Electronic Engineers (IEEE) on vendor standards.

With respect to the fourth priority, Mr. Robb stated that NERC conducted a successful workshop in July 2018 addressing issues surrounding the changing resource mix. The focus, he noted, will be to encourage the development of solutions to address issues. Mr. Robb noted that work was currently underway on a guideline for contingency studies. He also noted the need to consider whether a standards-based approach could be used to address some of these issues.

Mr. Robb thanked industry and the NERC team for their support in his early months as NERC president and CEO. He introduced Tim Gallagher, President and CEO of ReliabilityFirst, as the new vice-chair of the ERO Executive Management Group. Mr. Robb congratulated Sara Patrick in her new role as CEO of MRO and Melanie Frye in her new role as CEO of WECC, and he noted the possibilities for continued growth and improvement that have been made possible through new ERO Enterprise leadership. He thanked Mr. Lauby for his leadership during the transition period. He also congratulated SERC and MRO, along with the SPP team, for their excellent work completing the transition of the former SPP RE registered entities to their new Regional Entities.

Report on Board of Trustees and Canadian Regulators Meeting

Mr. Thilly reported that the NERC Board of Trustees and the Canadian regulators met on August 14, 2018.

Report on Board of Trustees August 16, 2018 Closed Session

Mr. Thilly 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. In these sessions, the Board discussed confidential matters, including contract, personnel and security issues. The Board also discussed legal issues.

Board Committee Reports

Corporate Governance and Human Resources Committee

Mr. Clarke, Committee Chair, reported on the Committee's meeting the prior day to discuss, among other things, trustee compensation. He noted the process that was used to study trustee compensation, the requirements of the governance guidelines, the workload of trustees, and the Board's prior determination to increase compensation less than suggested by the study results. Mr. Thilly noted the work of the Committee and staff regarding metrics, which will be presented for further discussion in November.

Upon motion duly made and seconded, the Board adopted the following resolution:

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 Willis Towers Watson ("WTW"), to conduct an update to the market study of Board compensation completed in 2015, to aid in its determination of whether to recommend any changes to the Board's compensation program.

WHEREAS, WTW compared current Trustee compensation and the structure of the Board's current compensation structure to the market perspectives used in 2015, 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 the findings and recommendations in the WTW report, as well as (i) the fact that Regional Entity and RTO/ISO data is from 2016 and in limited cases, 2017 and IOU and general industry data is from 2017, and that it is reasonable to assume from the trends shown in the report, that compensation has continued to increase, (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) the Board Chair, Vice Chair and Committee chairs have substantial additional responsibilities and time commitments, as a member of the Board, currently the Vice Chair, serves as a liaison to the Standards 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, ISOs and RTOs, IOUs, 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 WTW 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 \$127,500. The new retainer will be implemented in three annual installments of \$5,000, beginning in 2019, and be fully implemented by January 1, 2021.
- Committee Chair: The Board hereby retains the current Committee Chairs annual retainer of \$10,000.
- Vice Chair Retainer: The Board hereby establishes an annual retainer of \$5,000 for the Board Vice Chair, with a separate retainer of \$5,000 for the Trustee who is designated as the liaison to the Standards Committee, beginning on January 1, 2019.
- Chair Retainer: The Board hereby establishes a target annual retainer for the Board Chair of \$175,000. The new retainer will be implemented in three annual installments of \$5,000, beginning in 2019 and be fully implemented by January 1, 2021.

Compliance Committee

Ms. Case, Committee Chair, reported on the executive and open meetings of the Committee held earlier in the week. She observed that the BOTCC meetings have evolved over time to provide for dialogue. She noted that the BOTCC discussed at its open meeting the prior day higher-risk operations and planning violations involving the vegetation management and facility ratings standards.

Finance and Audit Committee

Ms. Schori, Committee Chair, reported on the open meeting of the Committee held the prior day. She presented the second quarter financial results for the Board's acceptance. Upon motion duly made and seconded, the Board approved the following resolution:

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

Ms. Schori then presented the NERC and Regional Entity Proposed 2019 Business Plans and Budgets and Associated Assessments to the Board. She noted that the budget process continues to improve and thanked NERC staff, the Regional Entities, and the MRC for their work. Upon motion duly made and seconded, the Board approved the following resolutions:

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

- i. The proposed 2019 NERC Business Plan and Budget, including the additions to, and use of, the Assessment Stabilization Reserve;
- ii. The proposed 2019 Business Plans and Budgets of the Regional Entities and the Western Interconnection Regional Advisory Board; and
- iii. The proposed 2019 assessments to recover the costs of the approved 2019 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.

Enterprise-wide Risk Committee

Mr. Goulding, Committee Chair, reported the Committee met in closed session by telephone on August 7, 2018. At its meeting, the Committee reviewed the 2018 audit plan, which he reported was proceeding according to schedule, and the status of remediation activities to address prior audit findings and recommendations. The Committee also reviewed the risk register and heat map, which focuses on risks to NERC and the ERO Enterprise, as well as the activities of the Compliance and Certification Committee.

Technology and Security Committee

Mr. Hawkins, Committee Chair, reported that the Committee held its quarterly meeting by telephone on August 9, 2018. He noted the Committee's role on ERO technology efforts, including the Compliance Monitoring and Enforcement Program ("CMEP") technology project and the situational awareness tool ("SAFNR"), and its work with the E-ISAC Member Executive Committee on the E-ISAC strategic plan. He also noted his pleasure with the selection of Mr. Lawrence as chief security officer.

Nominating Committee

Mr. Gorbet, Committee Chair, reported that the Committee met in closed session on August 14, 2018. He reviewed the composition of the committee and discussed its work on selecting a Canadian trustee. Mr. Gorbet reported that the Committee has reviewed an initial list of potential candidates and is working to identify a potential slate of candidates for interviews. Mr. Gorbet explained that the Committee intends to recommend a candidate to the MRC in December and conduct a vote in February.

Report by Vice Chair on Standards Quarterly Activities

Mr. DeFontes reported on the recent Standards Committee conference calls and meetings. He remarked upon the excellent leadership of the Committee and discussed upcoming standards activity, including Standard Authorization Requests that will be considered by the Standards Committee within the next month. He also noted the ongoing work on studying supply chain issues.

Standards

Mr. Gugel provided an update on activities related to supply chain management. He reviewed the findings of the interim report on supply chain issues developed with EPRI, highlighting: (1) the distribution of vendors supplying remote terminal units, operating systems, and energy management systems to industry; (2) current vendor practices to mitigate supply chain risks, such as third party accreditation; and

(3) the applicability of the CIP standards, observing the need for additional information on low impact assets. He discussed next steps and thanked industry groups for their work on this issue.

Mr. Gugel provided an update regarding the Standards Efficiency Review, including the development of a draft Standard Authorization Request and the plan to use a phased approach for addressing the recommendations. He stated that the CIP standards would not be included in the first phase of the project, but recommendations have been made to the existing CIP standards drafting team.

Mr. Gugel then presented on the following Reliability Standards-related projects. After discussion, and upon motions duly made and seconded, the Board approved the following resolutions:

Reliability Standard BAL-002-3 Disturbance Control Standard

RESOLVED, that the Board hereby adopts the proposed Reliability Standard BAL-002-3, 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 proposed retirement of Reliability Standards BAL-002-2, 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.

Reliability Standard CIP-012-1 – Cyber Security – Communications between Control Centers

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-012-1, 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 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 VAR-001-5 – Voltage and Reactive Control

RESOLVED, that the Board hereby adopts the proposed Reliability Standard VAR-001-5 and related effective date, 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 Standards VAR-001-4.2, 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.

Other Matters and Reports

Reliability Coordinator Function in the Western Interconnection

Ms. Frye provided an update on recent developments regarding the Reliability Coordinator function in the Western Interconnection, including the recent decision by Peak Reliability to wind down operations at the end of 2019, a joint WECC-NERC letter providing a September 4 deadline for entities to tell WECC of plans of Reliability Coordinator service, and a potential project to develop a regional variance to the IRO-002-5 standard. She also noted the Reliability Coordinator certification timelines. Ms. Frye indicated that updates will continue to be provided during the transition.

NERC Rules of Procedure Section 1208 Registration Transfer Request of Wisconsin Public Service Corporation and Upper Michigan Energy Resources

Mr. McIntyre presented on a request to transfer the registration of two entities from MRO to ReliabilityFirst under Section 1208 of the NERC Rules of Procedure. Upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, consistent with Section 1208.3 of the NERC Rules of Procedure (ROP), ReliabilityFirst Corporation (RF) submitted a written request to NERC on May 1, 2018 to transfer the registration of Wisconsin Public Service Corporation (WPSC) and Upper Michigan Energy Resources Corporation (UMERC) from the Midwest Reliability Organization (MRO) to RF and MRO has informed NERC and RF that it does not oppose the request and will support NERC's decision determining the appropriate registration for WPSC and UMER.

WHEREAS, on May 2, 2018, NERC posted information concerning the proposed transfer on its website for 21 days and received one comment in support of the registration transfer request.

WHEREAS, NERC staff analyzed the request and supporting materials submitted by RF and adopted the analysis, as presented to the Board at this meeting, as consistent with Section 1208 of the ROP.

WHEREAS, NERC management recommended that the NERC Board of Trustees approve the transfer.

RESOLVED, that the Board hereby approves the proposed reassignment of the registration of WPSC and UMERL from MRO to RF.

FURTHER RESOLVED, that the Board hereby approves the amendments to the Regional Delegation Agreement between NERC and MRO, substantially as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the amendments to the Regional Delegation Agreement between NERC and RF, substantially 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 Appendix 4E of the NERC Rules of Procedure

Mr. Kichline presented on proposed revisions to Appendix 4E to the NERC Rules of Procedure, *Compliance and Certification Committee Hearing Procedures, Hearing Procedures for Use in Appeals, and Mediation Procedures*. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the proposed amendments to Appendix 4E 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 resolution.

Section 1600 Geomagnetic Disturbance Data Request

Mr. Moura presented a proposed request for data or information under Section 1600 of the NERC Rules of Procedure relating to the collection of geomagnetic disturbance (“GMD”) data. Mr. Moura thanked the GMD Task Force for its work and noted that all procedural steps, including public comment periods, were followed in the development of the request. Mr. Moura also reported that the Planning Committee endorsed the proposed request. Mr. Moura reviewed the information being requested and noted that requests for Confidential Treatment of data would be handled in accordance with Section 1500 of the NERC Rules of Procedure. After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, hereby approves the collection of geomagnetic disturbance data from Transmission Owners and Generator Owners in the United States that possess geomagnetically-induced current monitoring and magnetometer data, pursuant to NERC’s authority under Section 1600 of the NERC Rules of Procedure, as presented to the Board at this meeting.

Proposed Amendments to the Western Electricity Coordinating Council Bylaws

Mr. Berardesco presented on proposed amendments to the WECC Bylaws. 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 Western Electricity Coordinating Council, substantially 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.

FERC Technical Conference Report

Ms. Sena and Mr. David Ortiz, Acting Director of the FERC Office of Electric Reliability, provided an overview of the FERC Reliability Technical Conference regarding the Bulk-Power System held on July 31, 2018 at FERC's Washington, DC office. Ms. Sena and Mr. Ortiz discussed the panels and focus areas, including NERC Reliability Standards and NERC priorities, resilience, managing new technologies, and addressing cybersecurity threats. Mr. Ortiz discussed each of the panels and the presentations made at the technical conference.

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

Lloyd Linke, Committee Chair, referenced the written report and highlighted certain items, including work surrounding Reliability Coordinator reliability plans, the upcoming Annual Monitoring and Situational Awareness Technical Conference planned for October 2-3, 2018, and a presentation on lessons learned from Hurricane Irma. Mr. Linke also reported that, with its work having been completed, the Essential Reliability Services Working Group was disbanded.

Planning Committee

Brian Evans-Mongeon, Committee Chair, referenced the written report, highlighting its work on GMD issues and protection system single points of failure. Mr. Evans-Mongeon also reported that, with its work having been completed, the Distributed Energy Resources Task Force was disbanded.

Critical Infrastructure Protection Committee

Marc Child, Committee Chair, referenced the written report. He highlighted the Committee's work on physical security deliverables, including guidelines addressing physical security considerations for high-impact control enters and security conditions during extreme events.

Member Representatives Committee

Greg Ford, MRC Vice Chair, summarized issues that had been discussed at the August 15, 2018 MRC meeting. He noted the key role for the MRC to provide policy input to the Board and various ways it undertakes that role.

Personnel Certification Governance Committee

Michael Anderson, Committee Chair, provided an update on the activities of the Committee and noted the positive effects of transitioning to a new platform for System Operator Certification Continuing Education Database (SOCCED). He also noted the recent increase in fees for System Operator Certification exams and renewals, as referenced in the written report.

Standards Committee

Andrew Gallo, Committee Chair, referenced the written report and summarized recent Committee activities, including Standard Authorization Requests, creation of standard drafting teams, and an ongoing project to revise the Standard Processes Manual, Appendix 3A to the NERC Rules of Procedure.

Reliability Issues Steering Committee

Peter Brandien, Committee Chair, provided an update on the activities' of the Committee, highlighting the status of the resilience report and its ongoing work on the agenda for the 2019 Reliability Leadership Summit to be held in Washington, DC on March 14, 2019.

Compliance and Certification Committee

Jennifer Flandermeyer, Committee Chair, referred to the written report and expressed her appreciation for positive collaboration with NERC staff, including on the CMEP technology project and the standards efficiency review project.

Electricity Subsector Coordinating Council

Mr. Robb discussed a recent meeting at the Idaho National Laboratory, where topics such as communications issues and physical security defense approaches were discussed. Mr. Robb also reported on a meeting with the U.S. Department of Homeland Security and DOE on the government/private sector partnership, addressing how to improve the integration of Canadian partners in information sharing with the U.S. government.

Forum and Group Reports

North American Energy Standards Board (NAESB)

Michael Desselle, NAESB Chair, referenced the written report and noted that NERC and NAESB continue to collaborate on items of mutual interest.

North American Transmission Forum

Tom Galloway, Forum CEO, referenced the newsletter included in its written report, and highlighted how it describes the work the Forum is undertaking to address key reliability issues. He also highlighted the Forum's work on supply chain issues, including the development of its cyber security supply chain risk management white paper.

North American Generator Forum

Allen Shriver, Forum chief operating officer, referenced the written report and summarized the recent workshops on frequency response and energy storage and gas infrastructure risks.

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 16, 2018 | 8:30 a.m.–12:00 p.m. Mountain

(Please note the Schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)

The Westin Calgary
320 4th Avenue SW
Calgary, AB T2P 2S6, Canada

Conference Room: Britannia/Belaire/Mayfair – Conference Level

Call to Order and NERC Antitrust Compliance Guidelines

Introductions and Chair's Remarks

Consent Agenda - Approve

1. Minutes*

- a. June 12, 2018 Meeting
- b. May 10, 2018 Meeting

2. Committee Membership and Charter Amendments*

- a. Critical Infrastructure Protection Committee Membership
- b. Planning Committee Membership
- c. Operating Committee Membership
- d. Compliance and Certification Committee Membership

Regular Agenda

3. Remarks and Reports

- a. Remarks by Dave Erickson, CEO, AESO
- b. Remarks by Catherine Jereza, Deputy Assistant Secretary, DOE
- c. Remarks by Murray Doehler, Past Chair, CAMPUT and Incoming CAMPUT Representative to NERC, David Morton
- d. Remarks by Sergio Marchi, President and CEO, CEA
- e. President's Report

4. Report on Board of Trustees and Canadian Regulators Meeting – Information

5. Report on Board of Trustees August 14, 2018 Closed Session – Information

6. Board Committee Reports

- a. Corporate Governance and Human Resources
 - i. Trustee Compensation – **Approve**
- b. Compliance
- c. Finance and Audit
 - i. Second Quarter Unaudited Financial Statements – **Accept**
 - ii. NERC and Regional Entity Proposed 2019 Business Plans and Budgets and Associated Assessments – **Approve**
- d. Enterprise-wide Risk
- e. Technology and Security
- f. Nominating Committee
- g. Report by Vice Chair on Standards Quarterly Activities

7. Standards Quarterly Report and Actions*

- a. Supply Chain Activities – **Update**
- b. Standards Efficiency Review – **Update**
- c. BAL-002-3 – Disturbance Control Standard – **Adopt**
- d. CIP-012-1 – Cyber Security – Communications between Control Centers – **Adopt**
- e. VAR-001-5 Voltage and Reactive Control – **Adopt**

8. Other Matters and Reports

- a. Reliability Coordinator Function in the Western Interconnection* – **Update**
- b. NERC Rules of Procedure Section 1208 Registration Transfer Request of Wisconsin Public Service Corporation and Upper Michigan Energy Resources* – **Approve**
- c. Revisions to Appendix 4E of the NERC Rules of Procedure* – **Approve**
- d. Section 1600 Geomagnetic Disturbance Data Request * – **Approve**
- e. Proposed Amendments to the Western Electricity Coordinating Council Bylaws* – **Approve**
- f. FERC Technical Conference Report – **Information**

9. 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

10. Forum and Group Reports*

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

*Background materials included.