

## Minutes Board of Trustees

May 11, 2023 | 10:00 a.m.–12:00 p.m. Eastern

Hybrid In-Person/Virtual

NERC DC Office  
1401 H Street NW, Suite 410  
Washington, DC 20005

### Call to Order

Mr. Kenneth W. DeFontes, Jr., Chair, called to order the duly noticed open meeting of the Board of Trustees (the Board) of the North American Electric Reliability Corporation (NERC or the Corporation) on May 11, 2023, at 10:00 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

### Board Members

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

### NERC Staff

Tina Buzzard, Assistant Corporate Secretary  
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC  
Howard Gugel, Vice President, Engineering and Standards  
Kelly Hanson, Senior Vice President and Chief Administrative Officer  
Stan Hoptroff, Vice President, Business Technology  
Mark G. Lauby, Senior Vice President and Chief Engineer  
Kimberly Mielcarek, Vice President, Communications  
Darrell Moore, Director, Situational Awareness and Personnel Certification & Credential Maintenance (*via Webex*)  
Lauren Perotti, Assistant General Counsel  
Bryan Preston, Vice President, People and Culture  
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary  
Janet Sena, Senior Vice President, External Affairs  
Andy Sharp, Vice President and Chief Financial Officer

## **NERC Antitrust Compliance Guidelines**

Mr. DeFontes noted the public nature of the meeting and directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance meeting materials. He stated that any additional questions regarding these guidelines should be directed to Ms. Rocha.

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

Mr. DeFontes welcomed all of the attendees to the meeting and remarked on the recent meeting with the Canadian regulators at the CAMPUT meeting in Toronto, ON. He also welcomed Ms. Jen Easterly, Director, Cybersecurity and Infrastructure Security Agency (CISA), Department of Homeland Security and Ms. Patricia Hoffman, Principal Deputy Assistant Secretary for the Office of Electricity, U.S. Department of Energy.

## **Consent Agenda**

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

### **Minutes**

The draft minutes for the February 16, 2023 meeting were approved as presented to the Board at this meeting.

### **Committee Membership**

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

**RESOLVED**, that the Board hereby appoints the following individuals to the Compliance and Certification Committee for the terms listed below:

- Scott Brame, North Carolina Electric Membership Corporation: Sector 3, to complete a term ending December 31, 2024
- Tino Zaragoza, Imperial Irrigation District: At Large, to complete a term ending December 31, 2025

## **Regular Agenda**

### **Remarks by Jen Easterly, Director, CISA**

Mr. Cancel introduced Ms. Easterly, Director of CISA. Ms. Easterly remarked that the electricity sector has a strong focus on cyber issues that can serve as a model for other sectors. She discussed efforts at the federal government level to address vulnerabilities highlighted by the Colonial Pipeline incident, collaboration with industry and international partners, guidelines and other activities underway to address cyber risks, and the challenges of artificial intelligence. Ms. Easterly also discussed the need to prioritize security in software and technology development design as driving a sustainable cyber strategy in a time of rapidly evolving threats.

### **Remarks by Patricia Hoffman, Principal Deputy Assistant Secretary for the Office of Electricity, DOE**

Mr. DeFontes introduced Ms. Hoffman of DOE. Ms. Hoffman remarked on the DOE's focus on transmission issues, including the recent issuance of a Request for Information to guide potential improvements to the transmission process and efforts to coordinate permitting among multiple federal agencies. She also highlighted continued coordination and collaboration on resilience issues, including on extreme weather issues, and efforts to understand resource availability.

### **Remarks by David Morton, CAMPUT Representative to NERC**

Mr. DeFontes reported that Mr. Morton was unable to provide remarks at this meeting due to the ongoing CAMPUT meeting.

## **President's Report**

Mr. Robb provided the president's report. He remarked on the new hybrid format for the meeting, with the Board and Member Representatives Committee ("MRC") meeting in person at the new D.C. Collaboration Hub with others participating remotely. Mr. Robb noted the productive and collaborative discussions at the meetings and thanked the NERC and vendor staff who made the meetings possible.

Mr. Robb noted the recent passing of Mechelle Thomas, most recently NERC's Vice President of Compliance. He remarked on her many contributions to NERC and her collegiality and friendship. The attendees observed a moment of silence in her honor.

Mr. Robb reported that the 2024 business plan and budget process is underway, and that NERC's projections for 2024 and 2025 are consistent with those reported last year. He noted that the draft business plan and budget will be posted for a 30-day public comment beginning beginning on or around May 25, 2023. Mr. Robb also reported on NERC's continued focus on key reliability issues, including rapidly evolving cyber and physical threats, and the need for continued collaboration to address these risks. He noted continued challenges in gas/electric coordination and market incentives for reliability investments. He stated that while NERC is unable to solve these challenges on its own, collaboration and coordination can lead to a successful path forward.

Mr. Robb concluded his remarks by reporting the selection of Soo Jin Kim as the new Vice President of Engineering and Standards, as Howard Gugel transitions to his new role as Vice President of Compliance Assurance and Registration. Upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby appoints Soo Jin Kim as Vice President, Engineering and Standards and Howard Gugel as Vice President, Compliance Assurance and Registration.

Mr. Robb then introduced Mr. Jason Blake, CEO of SERC, and co-chair of the ERO Executive Group. Mr. Blake extended condolences on behalf of the Regional Entities on the passing of Ms. Thomas, noting her strong working relationships with Regional Entities. He reported on Regional Entity efforts to develop a common framework for security and driving accountability to the identified measures. Mr. Blake also discussed continuing progress in leveraging ERO Enterprise knowledge and expertise to optimize its reliability efforts and advancing change leadership within the ERO Enterprise.

## **Report on the May 9 and May 11, 2023 Closed Meetings**

Mr. DeFontes reported that on May 9, 2023 and May 11, 2023 (as is its custom), the Board met in closed session with NERC management to review NERC management activities. On May 9, the Board discussed feedback from the May 9, 2023 MRC closed meeting, received updates on the standards process improvement initiative, discussed Board oversight over standards and reliability assessments, and received an update on future possibilities for the Atlanta office. On May 11, the Board discussed the Board's resolutions for this meeting, feedback on policy input and the MRC meeting, and additional discussion from the Committee meetings. The Board adjourned into executive sessions with the General Counsel and the CEO, and with the General Counsel separately, to discuss confidential matters. The Board also adjourned into executive session to discuss confidential matters.

## **Board Committee Reports**

### **Corporate Governance and Human Resources**

Ms. Keenan, Committee Chair, reported on recent Committee meetings and actions. At the May 9, 2023 closed meeting, the Committee reviewed the corporate governance aspects of the Form 990, the 2022 Committee self-evaluation results, and the 2022 Board annual evaluation results, and it received an update regarding human resources administrative matters. She reported that the Committee will add Board education to its mandate and is

adding items to its upcoming governance retreat. The Committee also met in executive session with the CEO, the General Counsel, and the Vice President, People and Culture to discuss organization matters, and without staff to discuss other confidential matters. At the May 10, 2023 open meeting, the Committee received an update on NERC's leadership development initiatives and reviewed the 2022 Board evaluation results. Ms. Keenan emphasized that the Committee considered all comments submitted and plans to assess the effectiveness of the recent governance changes in next year's assessment.

### **Compliance**

Mr. Manning, Committee Chair, reported on recent Committee meetings. At the May 9, 2023 closed meeting, the Committee reviewed the 2022 Committee self-evaluation results and received updates on NERC and Regional Entity Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program audit remediation. The Committee also adjourned into executive session to discuss confidential matters. At the May 10, 2023 open meeting, the Committee received updates on the recent cold weather small group advisory sessions and vegetation management issues.

### **Finance and Audit**

Mr. Sidford, Committee Chair, reported on recent closed meetings of the Committee. At the April 28, 2023 closed meeting, the Committee reviewed the first draft of the 2024 business plan and budget. At the May 9, 2023 closed meeting, the Committee reviewed the 2022 financial statement audit results and met with NERC's external auditor to discuss their clean audit findings, reviewed the financial aspects of the Form 990, received an update on the 2024 business plan and budget process, received an internal audit update, and reviewed the Committee self-evaluation results. The Committee then adjourned into executive session.

### **Enterprise-wide Risk**

Mr. Piro, Committee Chair, provided an overview of the Committee, including its composition and oversight responsibilities. He then reported on the Committee's closed meeting on May 9, 2023. At its meeting, the Committee received updates from Mr. Scott Tomashefsky, Chair of the Compliance and Certification Committee (CCC), on CCC activities, and from Mr. Jason Blake, President and CEO of SERC, regarding Regional Entity activities. The Committee also reviewed the Committee self-assessment results, received an update on Internal Audit activity, and discussed corporate risk management issues. The Committee concluded in executive session to discuss confidential matters.

### **Technology and Security**

Ms. Allen, Committee Chair, reported on recent meetings of the Committee. At the April 28, 2023 closed meeting, the Committee discussed the information technology strategy as reflected in the 2024 business plan and budget. At the May 8, 2023 closed meeting, the Committee reviewed the Committee self-assessment results, received cyber security training, and received an update on NERC's cyber security posture and the status of remediating issues identified on IT security audits. The Committee also met in executive session to discuss confidential matters. At the May 10, 2023 open meeting, the Committee received updates on cyber strategy documents released by the Canadian and U.S. governments, E-ISAC operations, and ERO Enterprise Business Technology, including Align, infrastructure services, and cloud usage.

### **Nominating**

Mr. DeFontes noted that Chair Clarke provided a report at the May 10, 2023 Member Representatives Committee meeting.

### **Report by Susan Kelly on Standards**

Mr. DeFontes reported that this update would be skipped in the interest of time, noting that standards matters would be discussed later in the agenda.

### **Report by Rob Manning on RSTC Quarterly Activities**

Mr. DeFontes noted that this item would be skipped in the interest of time.

## **Standards Quarterly Report and Actions**

### **Texas Reliability Entity Regional Standards Development Process**

Mr. Gugel presented the proposed revisions to the Texas Reliability Entity Regional Standards Development Process, noting that the Texas RE board previously approved the proposed revisions and no issues were identified during the NERC public comment period. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby approves the proposed Texas Reliability Entity Regional Standards Development Process, 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.

### **Standard Process Improvement Opportunities**

Mr. Gugel provided an update on activities to implement the recommendations of the Standards Process Stakeholder Engagement Group, as directed by the Board at its November 2022 meeting. He reported that the proposed revisions to the NERC Rules of Procedure and Standard Processes Manual were first posted for comment from January 18, 2023 through March 6, 2023, and the initial ballot of the Standard Processes Manual was unsuccessful. He reported that, with the Standards Committee's authorization, NERC Staff reviewed the comments on the draft Standard Processes Manual, made changes in response to comments, and posted a second draft which is open for comment and ballot through May 30, 2023. Mr. Gugel reported that Staff is still reviewing the comments on the proposed Rules of Procedure changes to determine appropriate next steps. He also reported that the standing committees are discussing how to best implement the recommendations directed at their activities, including recommendations related to Standard Authorization Requests, administrative efficiencies, and other recommendations to improve agility. Mr. Gugel thanked NERC's stakeholders for their feedback throughout this process and noted several lessons learned for conducting effective outreach in the future. Ms. Kelly expressed her thanks for the work and engagement on this initiative.

### **Inverter-Based Resources Work Plan**

Mr. Gugel provided an update on activities to develop and implement a work plan to register inverter-based resources (IBRs) not currently registered with NERC, revise Reliability Standards to address the risks and gaps in the current standards for IBRs, and issue a Level 2 alert on IBR performance issues. He also reported on recent educational efforts, including publishing a recap of the IBR panel at the first quarter technical meeting, developing *IBR Basics* and *IBR Primer* documents, and conducting a 10-part IBR webinar series in summer 2023. Mr. Gugel also reported on recent guidelines and reports published by NERC on IBRs and the development of an IBR quick resource guide. Mr. David Ortiz, Director, Office of Electric Reliability, U.S. Federal Energy Regulatory Commission discussed the status of FERC efforts to address IBRs.

### **Cold Weather Standards Status**

Mr. Gugel provided an update on the status of standards development to address the second phase recommendations for Reliability Standards improvements from the FERC and ERO Enterprise Joint Inquiry Report into

the causes of the February 2021 cold weather event. He reported that the initial ballot of the second phase standards was not successful, and that the team is working to address the comments and post a second draft in the coming weeks. Mr. Gugel reported that the team is also working to include a revised EOP-012-2 standard addressing the directives in FERC's February 16, 2023 order approving EOP-012-1 and EOP-011-3 in that posting.

## **Other Matters and Reports**

### **Input Letter and Member Representatives Committee Meeting**

Mr. DeFontes reported that this item would be skipped in light of the robust discussion at the May 10, 2023 MRC meeting.

### **Level 3 Alert Essential Actions to Industry: Cold Weather Preparations for Extreme Weather Events III**

Mr. Moore presented the proposed Level 3 Alert Essential Actions to Industry: Cold Weather Preparations for Extreme Weather Events III. He highlighted how several notable events have demonstrated the impacts extreme cold weather can have on reliability and the need for NERC to understand how entities are taking steps to mitigate known risks. Mr. Moore explained that the Essential Actions are specific actions that NERC has determined to be essential for certain segments of owners, operators, or users to undertake to ensure the reliable operation of the Bulk-Power System, and he noted that this is the first time NERC has proposed to use this authority in the NERC Rules of Procedure. Mr. Piro requested a copy of the resulting report be provided to the Board.

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

**WHEREAS**, several notable events since 2011 have demonstrated the substantial impacts that extreme cold weather conditions, and the failure to properly prepare for them, can have on the reliability of the bulk power system (BPS);

**WHEREAS**, NERC has taken several actions to address this important reliability risk and advance reliability in cold weather conditions, including the development of currently effective Reliability Standards EOP-011-2, IRO-010-4, and TOP-003-5; the development of cold weather preparedness Reliability Standard EOP-012-1, effective October 1, 2024; and the issuance of cold weather alerts providing recommended actions for industry in advance of prior winter seasons;

**WHEREAS**, the need for entities to prepare for cold weather conditions remains especially important pending the effective date of Reliability Standard EOP-012-1;

**WHEREAS**, the Board has the authority under Section 800 of the NERC Rules of Procedure to approve the issuance of Essential Actions to Industry, containing specific actions that NERC has determined are essential for certain segments of owners, operators, or users of the BPS to take to ensure the reliability of the BPS;

**WHEREAS**, the Board has determined that it is essential for Generator Owners, Balancing Authorities, and Transmission Operators to take certain steps to prepare for extreme cold weather conditions to ensure the reliability of the BPS;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby approves the Level 3 Alert Essential Actions to Industry: Cold Weather Preparations for Extreme Weather Events III, substantially in the form presented to the Board at this meeting.



### **Internal Network Security Monitoring Data Request**

Mr. Gugel presented the proposed internal network security monitoring data request to be issued under Section 1600 of the NERC Rules of Procedure. He highlighted the need for this data request to respond to a directive from FERC to NERC in a January 19, 2023 order. In that order, FERC directed NERC to revise the CIP Reliability Standards to require internal network security monitoring for some Bulk Electric System (BES) cyber assets, and to report on the feasibility of requiring it for other BES cyber assets not included in the scope of that directive. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**WHEREAS**, on January 19, 2023, the U.S. Federal Energy Regulatory Commission (“FERC”) issued Order No. 887 directing NERC to develop Reliability Standards requirements to require internal network security monitoring for all high impact Bulk Electric System (BES) Cyber Systems and medium impact BES Cyber Systems with External Routable Connectivity;

**WHEREAS**, FERC also directed NERC in Order No. 887 to conduct a study of the risks stemming from a lack of internal network security monitoring and the feasibility of requiring it for other BES Cyber Systems not subject to the directed standards that includes certain categories of entity data, and to submit this study by January 18, 2024;

**WHEREAS**, NERC Management proposes to issue a request for data or information under Section 1600 of the NERC Rules of Procedure to collect the data needed to perform the directed study, and all required procedures for the issuance of such a request have been completed;

**NOW, THEREFORE, BE IT RESOLVED**, that NERC management is hereby authorized to issue to reporting entities the Internal Network Security Mentoring Data Request, substantially in the form presented to the Board at this meeting.

### **Other Matters and Adjournment**

Mr. DeFontes thanked the attendees for their participation in NERC’s first hybrid Board meetings at the D.C. Collaboration Hub. There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sônia Rocha  
Corporate Secretary