July 11, 2019

Mr. Greg Ford, Chair
NERC Member Representatives Committee

Dear Greg:

I invite the Member Representatives Committee (MRC) to provide policy input on an issue of particular interest to the NERC Board of Trustees (Board) as it prepares for its August 14-15, 2019, meetings in Quebec City, Canada. In addition, policy input is requested on items on the preliminary agendas for the quarterly Board, Board Committees, and MRC meetings. The preliminary agendas are included in the MRC Informational Session agenda package (see Item 1) and are attached hereto (**Attachment A**). As final agenda packages with background materials are posted after policy input is due, the MRC's agenda includes an opportunity for MRC members to provide additional input to the Board on the final agenda and materials. **As a reminder, please include a summary of your comments in your response (i.e., a bulleted list of key points) for NERC to compile into a single summary document to be provided to the Board for reference, together with the full set of comments.**

**Proposal for Restructuring NERC Technical Committees**
NERC is reviewing the effectiveness and efficiency of ERO Enterprise operations in an ongoing effort to advance our mission. In the near term, NERC is focusing on three major initiatives:

- **Standards Efficiency Review:** Review of NERC Reliability Standards to ensure they are effective and efficient to implement; results from Phase 1 have been filed with FERC for approval and Phase 2 is underway.

- **Align:** Development and deployment of the Align tool, designed to improve security, enable better performance management and reporting, reduce cost, and support greater alignment in Compliance Monitoring and Enforcement processes across the ERO Enterprise.

- **Stakeholder Engagement:** An effort to improve the effectiveness and efficiency of how stakeholders engage with NERC to advance our critical reliability and security mission.

In August, the Board will consider a recommendation from a stakeholder engagement team (SET)[1] which was formed to address the third area where costs are born by stakeholders directly as well as by NERC. Given the nature of our model and criticality of industry expertise to the ERO's success, enhancing the effectiveness of stakeholder participation in the face of our rapidly changing industry is the primary

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[1] The SET is comprised of members of the Board, leadership and representatives from the MRC, the chairs of the technical committees, other stakeholder volunteers, and representatives from NERC executive leadership, legal, and staff.

objective of the initiative, always keeping an eye on the need to be as efficient as reasonably possible given all of the other demands on participants and staff.

To address the objective of this aspect of the overall effectiveness and efficiency initiative, the SET was created to review the existing NERC technical committee structure (Critical Infrastructure Protection, Operating, and Planning) and develop recommendations for improving their effectiveness and efficiency. Based on this detailed review and as outlined in the attached draft proposal (**Attachment B**), the team is recommending replacing the three committees with a Reliability and Security Council (RSC). The RSC would report to the Board and focus on managing the work of the various subcommittees, working groups, and task forces organized to address specific risks to reliability and security. The resulting model supports the Board with two leadership bodies, the Reliability Issues Steering Committee (RISC) and the RSC. The RISC advises on emerging risks, prioritizes them, and identifies impactful mitigation activities. The RSC would oversee the implementation of those tactical prioritizations through work plans, as well as advise on the reliability and security of the bulk power system to address any unexpected new and emerging risks.

The SET also evaluated how to populate the proposed RSC and is recommending a participation model that is composed of a chair and vice chair, one representative per sector (Sectors 1-10 and 12), 20 at-large representatives, and five non-voting members, for a total of 38 members.

Nominations for all sector and at-large representatives would be called for by NERC on an annual basis, with members selected by a Nominating Committee consisting of the Board vice chair, NERC CEO, MRC vice chair, and the RSC's chair and vice chair. The nominations for sector members would be called for under a process that is open, inclusive, and fair, similar to the annual nomination process of the existing Operating Committee (OC) and Planning Committee (PC). Note that sector nominees would not be able to represent more than one RSC sector at any one time and that a particular organization, including its affiliates, would not be permitted to have more than one member on the RSC.

At-large members would be selected by a nominating committee based on skills and knowledge criteria to fulfill a balanced representation. Regional Entity employees would not be eligible to be an at-large representative. Non-voting members would include a NERC secretary, two United States federal government representatives, one Canadian federal government representative,[2] and one Canadian provincial government representative. Overall selection of members will consider Regional Entity area diversity, subject matter expertise (planning, operating, or security), organizational type (e.g., Cooperative, Investor-Owned Utility, Public Power, ISO/RTO, etc.), and country (Canada, Mexico, and United States). In addition to Sector balance, the at-large membership should broadly reflect NERC's geographic and interconnection mix, as well as any other key elements of "balance", such as size and resource diversity.
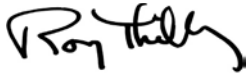
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[2] Mexican Government representation will be considered once they have joined NERC.

**The Board requests MRC policy input on the following:**

1. **The proposal to replace the NERC Critical Infrastructure Protection Committee, OC, and PC with the RSC.**

2. **The proposed participation model of the RSC.**

3. **The best way to implement the transition from three technical committees to the RSC.**

Written comments in response to the input requested above, the preliminary agenda topics, and on other matters that you wish to bring to the Board's attention are due by **July 31, 2019,** to Kristin Iwanechko, MRC Secretary (Kristin.Iwanechko@nerc.net). The formal agenda packages for the Board, Board Committees, and MRC meetings will be available on August 1, 2019, and the presentations will be available on August 8, 2019. The Board looks forward to your input and discussion of these matters during the August 2019 meetings.

Thank You,

Roy Thilly, Chair
NERC Board of Trustees

cc: NERC Board of Trustees
    Member Representatives Committee

- Review preliminary agenda topics for:
  - August 14 MRC meeting
  - August 14-15 Board of Trustees and Board Committee meetings
- Review policy input letter topics
- Receive updates on emerging and informational issues

| Wednesday, August 14, 2019 | |
|---|---|
| 7:30-9:00 a.m. | Public Breakfast |
| 9:15-10:00 a.m. | Finance and Audit Committee Meeting—**Open** |
| 10:15–11:00 a.m. | Corporate Governance and Human Resources Committee Meeting—**Open** |
| 11:15 a.m.–12:00 p.m. | Technology and Security Committee — **Open** |
| 12:00 p.m.–1:00 p.m. | Lunch |
| 1:00–5:00 p.m. | Member Representatives Committee Meeting—**Open** |
| 5:30 p.m. | Reception |
| **Thursday, May 9, 2019** | |
| 7:30–8:30 a.m. | Public Breakfast |
| 8:30 a.m.–12:00 p.m. | Board of Trustees Meeting—**Open** |

*Times are tentative and subject to change*

- Second Quarter Unaudited Financial Statements

- NERC and Regional Entity Proposed 2020 Business Plans and Budgets and Associated Assessments

**RELIABILITY | ACCOUNTABILITY**

- 2019 ERO Work Plan Priorities Update

- Draft 2020 ERO Work Plan Priorities Review

- Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey Review

- 2019 Work Plan Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Update

- Employee Reporting and Document Retention Policies and Procedures Review

- Human Resources and Staffing Update

**RELIABILITY | ACCOUNTABILITY**

- Align Update

- ERO Enterprise IT Projects Update

- E-ISAC Update

- ## General Updates and Reports
  - Board of Trustees Nominating Committee Update
  - Business Plan and Budget Input Group Update
  - Regulatory Update

- ## Policy and Discussion Items
  - Responses to the Board's Request for Policy Input
    - Effectiveness and Efficiency: Proposal for Restructuring NERC Technical Committees
  - Effectiveness and Efficiency: Standards Efficiency Review Phase 2 Update
  - Additional Policy Discussion of Key Items from Board Committee Meetings
  - MRC Input and Advice on Board Agenda Items and Accompanying Materials

**RELIABILITY | ACCOUNTABILITY**

- 2019 ERO Reliability Risk Priorities Report Preview
- ERO Enterprise Long-Term Strategy
- Supply Chain 1600 Data Request
- Technical Updates
  - Update on FERC Reliability Matters
  - Standing Committee Highlights: Compliance and Certification Committee

- Committee Membership and Charter Amendments
    - Compliance and Certification Committee Membership
    - Operating Committee Membership
    - Planning Committee Membership
- Appointment of Interim General Counsel, Corporate Secretary

- Board Committee Reports
  - Accept Second Quarter Unaudited Financial Statements
  - Approve NERC and Regional Entity Proposed 2020 Business Plans and Budgets and Associated Assessments
- Standards Quarterly Report and Actions
  - Approve Supply Chain 1600 Data Request
  - Adopt CIP-002-6, PRC-006-NPCC-2, BAL-002-WECC-3, BAL-003-2

- Other Matters and Reports
  - Approve ReliabilityFirst Bylaws Amendments
  - Update on 2019 Industry Dashboard Update
  - Update on Task Force to Address Resilience to Electromagnetic Pulses
  - Update on SERC/FRCC Integration
  - Update on Reliability Coordinator Function in the Western Interconnection
- Committee, Forum, and Group Reports

- Overview of Policy Input Letter
  - Proposal for Restructuring NERC Technical Committees

- **July 11:** Policy input letter issued

- **July 31:** Written comments due on policy input topics and preliminary agenda topics

- **August 1:** Board and MRC agenda packages and policy input letter comments posted

- **August 8:** Board and MRC presentations posted

**Questions and Answers**

# Reliability and Security Council Proposal

July 11, 2019

RELIABILITY | ACCOUNTABILITY

# Table of Contents

# Preface

The vision for the Electric Reliability Organization (ERO) Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities (REs), is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

The North American BPS is divided into six RE boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Region while associated Transmission Owners/Operators participate in another.
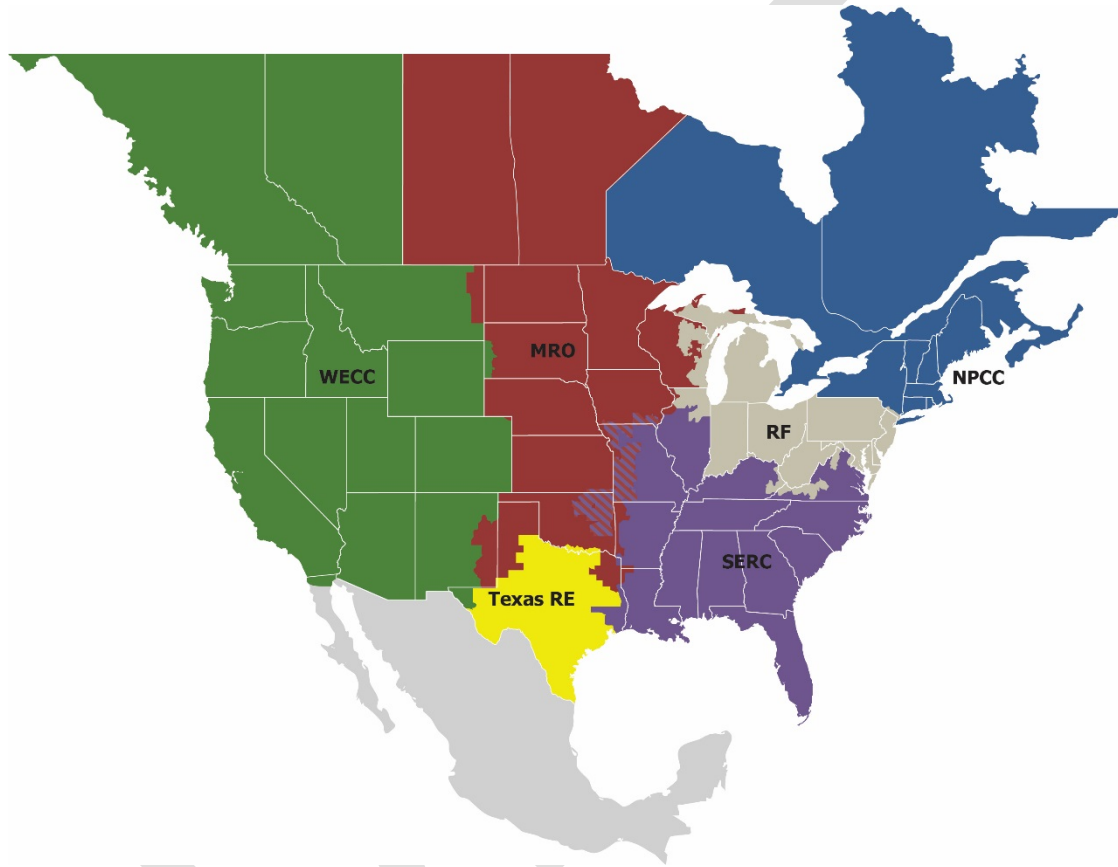


| MRO | Midwest Reliability Organization |
|---|---|
| NPCC | Northeast Power Coordinating Council |
| RF | ReliabilityFirst |
| SERC | SERC Reliability Corporation |
| Texas RE | Texas Reliability Entity |
| WECC | Western Electricity Coordinating Council |

# Overview

NERC is presently undertaking a comprehensive assessment of its activities that is intended to improve the operational effectiveness of the ERO Enterprise while optimizing the value of industry stakeholder participation. The issue of improving the effectiveness and efficiency of stakeholder engagement across the ERO Enterprise was specifically raised by NERC Chair Roy Thilly in a January 4, 2018 Policy Input Letter to the Member Representatives Committee (MRC). In response to industry feedback that was received, the NERC Board of Trustees (Board) called for a comprehensive review of the existing technical committee structure and actions that could be taken to improve the effectiveness and efficiency of those committees.

As a result of that request, a stakeholder engagement team (SET) was formed to review the existing NERC technical committee structure and develop a recommendation. The SET was tasked by the Board and is comprised of members of the Board, leadership and representatives from the MRC, the chairs of the technical committees (Operating, Planning, and Critical Infrastructure Protection), other stakeholder volunteers and NERC senior leadership, legal, and staff.

The SET considered multiple options for fulfilling the ERO Enterprise need for participatory technical input on matters of reliability and security of the North American BPS, including maintaining the existing committee structure. The SET determined that a new Reliability and Security Council (RSC) to replace the three existing technical committees would best meet the vision for effective and efficient technical input. The sections below discuss the background, process, and vision that guided the SET's work and recommendation. The recommendation will be provided to the Board prior to December 2019 for approval.

# Background

The *ERO Enterprise Long-Term Strategy* and *ERO Enterprise Operating Plan*, approved by the Board on November 9, 2017, recognize the importance of achieving greater enterprise-wide effectiveness and efficiency. Over the course of 2018, NERC and the REs identified current and ongoing efforts related to effectiveness and efficiency and explored future initiatives. The following objectives guided NERC and the REs in this effort:

1. Enhance ERO effectiveness in executing its statutory functions, recognizing the value of industry expertise.

2. Improve the efficiency of ERO operations and the use of stakeholder resources.

The SET was formed to carry out the objectives as related to stakeholder engagement through the technical committees. The SET was co-chaired by the vice chair of the MRC and NERC's Chief Reliability Officer. A complete list of the SET membership and participants is in Appendix A.

# Chapter 1: Stakeholder Engagement Team Recommendation Development Process

The SET performed four steps in its review and leveraged NERC's Strategic Plan, Operating Plan, and RISC Report to facilitate the evaluation process: 1) examined all RE experiences with committee restructuring; 2) the team verified the parameters surrounding governance of the identified standing committees, as outlined in the NERC Rules of Procedure and Bylaws, Federal Power Act, and federal regulations; 3) the team reviewed common responsibilities, work flow, and current levels of coordination across the identified standing committees based on their work plans and deliverables; 4) the SET surveyed current committee members for their input about the existing committee structure and potential replacement structures. The SET then reviewed potential options for organizational structure and developed recommendations for next steps.

## Overview of Existing Committee Structures

The ERO Enterprise makes use of technical input, guidance, and reliability/security leadership provided by its standing committees: Planning (PC), Operating (OC), Compliance and Certification (CCC), Standards (SC), Critical Infrastructure Protection (CIPC), Reliability Issues Steering (RISC), and Personnel Certification Governance (PCGC) Committees. The diagram below shows the current structure of all the standing committees and their general area of focus:
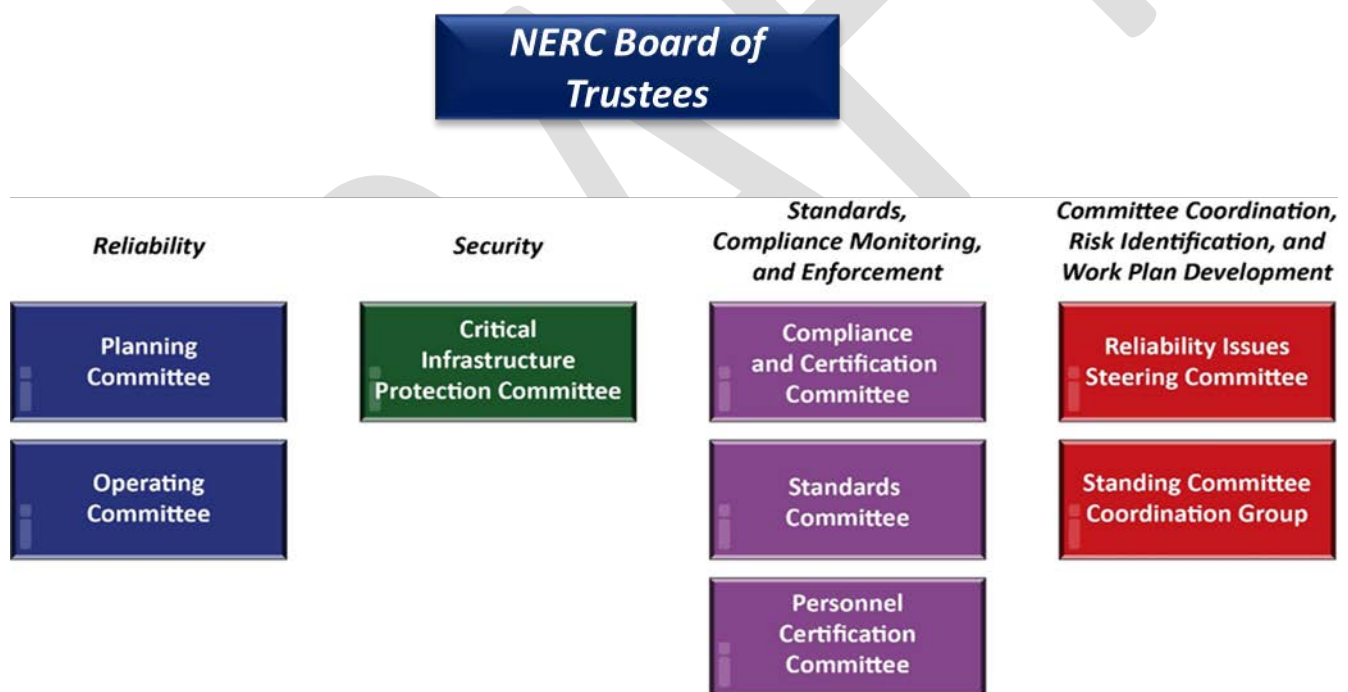


Under the current NERC committee structure, the OC, PC, CIPC, CCC, SC, PCGC, and the RISC report to the Board. Except for the RISC, each has an executive committee that supports the committee between meetings, as well as guides and coordinates the subcommittee, working group, and task force workload and priorities. To further coordinate issues that may be cross-cutting, the chairs and vice-chairs (who sit on the executive committees) of all NERC standing committees meet on a quarterly basis, concurrent with the Board and MRC meetings. This group of chairs and vice chairs is called the Standing Committee Coordination Group (SCCG).[1] The SCCG itself does not have a

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[1] The SCCG also includes leadership teams from the SC, CCC, RISC, and the PCGC. The SCCG members work to improve coordination between the technical committees and help develop work plan items to address reliability issues

charter or a mandate and, therefore, holds no authority to further direct the activities of the standing committees. NERC staff facilitate the meetings and discussions of the SCCG.

Separately, the RISC provides advice to the Board, triages risks, and provides front-end, high-level leadership for issues of strategic importance to the reliability and security of the BPS.

## Scope of SET Review

To examine enhancements that could improve the use of scarce industry resources, the SET was tasked with reviewing the OC, PC, and CIPC structures and activities given their technical focus on reliability and security of the BPS. These technical committees identify and assess risk to the operation, planning, and security of the BPS. Most of the technical work of the committees is performed at the subcommittee, working group, or task force level. The technical committees provide direction and oversight of these groups. Some activities of the technical committees are ongoing and provide annual/biennial deliverables while other activities appear to be less focused and fragmented. Recently, more task force creation has occurred to address emerging, fast impacting issues.

The advisory committees (CCC, SC, and PCGC) are not part of this review as each advisory committee is quite distinct with no overlap of responsibilities as specifically noted in NERC's Rules of Procedure. These committees have been self-regulating over time to improve effectiveness and efficiency.

Further, the RISC was also not a part of this review as it has a unique charge and participation model. It produces a biennial report on key risk identification and mitigation. The RISC is chartered to triage risk mitigation approaches.

## Stakeholder Engagement Team Review

Based on its review, the SET concluded the following regarding the existing OC/PC/CIPC structure:

- The current model has been in place with little change for over 10 years
  - Model requires significant expense and time commitment from NERC members and NERC staff
  - The ERO Enterprise has matured
  - Several REs have had success enhancing their committee models
- The industry model is changing
  - Advances in new and unfamiliar technologies (e.g., inverters, batteries)
  - Risk profiles changing (e.g., fuel assurance, essential reliability services preservation with resource mix changes)
  - Recent experience within the committees is to stand up task forces for end-to-end solutions, bypassing existing subgroups
- The committee "silos" are blurring
  - Speed of change is accelerating
  - Committee activities increasingly overlap
  - New technology requires cross-cutting rethinking of many utility paradigms (e.g. – inverter-based resources including wind, solar and storage)

The technical committees must play a vital role in order for the ERO Enterprise to be successful in its mission of reducing risk to the BPS. Based on current operations, the technical committees provide oversight, work plan coordination, and technical review of the results and work products developed by working groups of subject matter

experts. The SET recognizes the importance of the collaboration, training and education that occurs between participants and attendees of the technical committee meetings. Lessons learned, information sharing by the U.S. Department of Energy (DOE) National Labs, technical reports, security briefings, cyber reports, training, etc. will continue to be provided.

Enhancing stakeholder engagement through the three technical committees should:

- Strengthen alignment of stakeholder input with ERO Enterprise priorities

- Accommodate the changing industry model

- Focus on reliability and security risks from a strategic planning, operating and security perspective

- Effectively address the increasing overlap between the technical committees

- Achieve a higher level of industry participation (effectiveness) and more cost-effectively leverage subject matter expertise (efficiency)

- Effective use of NERC staff

# Chapter 2: Vision for a Restructured Standing Committee Organization

The SET agreed on a vision for enhancing stakeholder engagement through technical committees as outlined below:

- We pivot quickly and refocus resources rapidly
  - We are in an ever-changing world and the pace of change is accelerating
  - Agile teams need to be readily deployed to address emerging issues
- We bring multi-disciplined teams together to develop "complete" solutions
  - Complex issues facing the industry that don't fit into one basket
  - Ensure appropriate mix of knowledge/skills/abilities (participation model): Planning, Operations, Security, Compliance/Policy, and Legal
- We work collaboratively and efficiently to solve problems
  - Eliminate silos and redundancies
  - Committees need the ability to support standards and compliance
    - Ability to address projected and emerging risks that threaten the reliability of the bulk power system
    - Standards or guidelines may be needed
    - Additional tools (potentially new) may be needed
- We leverage scarce talent to solve problems and maximize our return

# Chapter 3: Options for Standing Committee Restructuring

The SET reviewed all activities of the three technical committees. A few conclusions became apparent in this review:

1. Technical committee participation is generally based on sectors (OC/PC) or Regional nomination (CIPC). As more focused technical expertise is usually required to develop detailed solutions, most of the work is now performed at the subcommittee, working group, and task force level – not at the committee level.

2. By-and-large, technical committee activities focused on work plan development, evaluation and execution by the subgroups that report to them.

   a. Subgroup report-outs are occurring on a quarterly basis.

   b. The technical committee work plans are not formally coordinated.

3. Most problem solving is occurring at the subcommittee, working group, and task force level. Some subcommittees have ongoing recurring deliverables while others are more ad hoc task oriented.

4. Some reliability and security risk issues are being addressed in several subcommittees, leading to uncoordinated results, and less end-to-end solutions.

The SET also recognizes the importance of the collaboration, training and education that occurs during the technical committee meetings. Examples of such activities include presentations by National Laboratories, Lessons Learned, Security briefings, etc. These activities must continue in the future in some format.

**Issue statement**: The SET identified the need to ensure work plans are coordinated, and an opportunity for more end-to-end solution development to address reliability/security risks. Several options were reviewed.

## Option 1: Create an Oversight Committee
Retain the current committee structure and create an Oversight Committee. The Oversight Committee could either be a newly created body or a redesign of the existing SCCG or RISC.
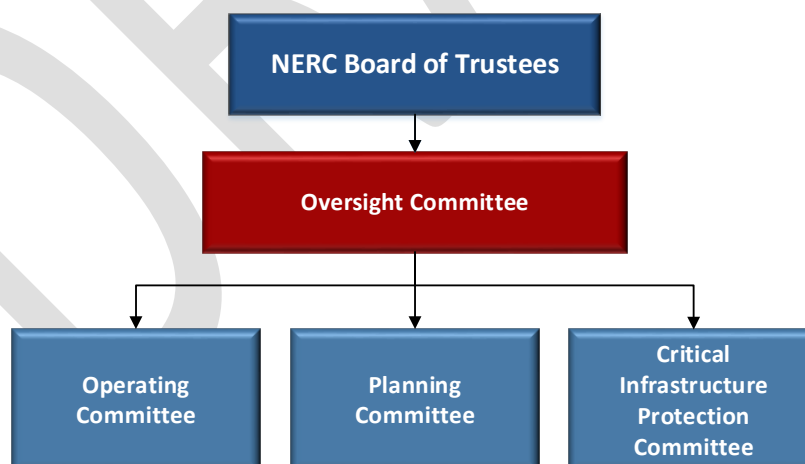


The following are the options considered for the formation of the Oversight Committee to address the issue statement above:

## Alternative 1a[2]: Create a new Oversight Committee for NERC Technical Committees, Charter the SCCG and assign responsibilities

Charter the SCCG to perform the assigned responsibilities with associated reporting and accountability for tasks. Institute SCCG reporting to the Board. Subcommittees can be attached (as in Option 2 of the Committee/Council Structure below) for those groups that provide periodic reliability/security reports. For example, a Project Management Oversight Committee focused on project development, end-to-end solutions, and reduction of duplication. If selected, this option would be implemented by assigning to the SCCG the responsibility for developing a charter and organizational structure for approval.

**Recommendation for Option 1:** The SET believes that Alternative 1a provides the best baseline for comparison of alternatives considered in the effectiveness and efficiency review. The SCCG is currently an informal group that is designed to perform many of the tasks envisioned to be performed by the Oversight Committee and its membership contains the necessary technical and leadership skills to transition to a formal organization reporting to the Board. The SET also considered alternatives 1b and 1c (shown in footnote 2) but the SET does not believe them to be the best option at creating an Oversight Committee because of the desire to have the Oversight Committee report to the Board. The SET recommends including RISC representation/leadership on the Oversight Committee.

## Oversight Committee Participation Model

An oversight structure is needed to ensure the output of NERC RISC (risk reliability reports, risk parameters, data analysis, reliability assessments, etc.) is addressed as well as direct and coordinate potential mitigations and actions required of the NERC technical standing committees.

If Alternative 1a is the preferred proposed structure, the oversight committee should ensure that:

1. Risks are identified, prioritized and managed

2. Assignments are coordinated and not duplicated

3. The technical committees (OC, PC, and CIPC) are directed to successful execution of the duties

4. Tools (guidelines, guidance, standards, etc.) employed in response to risks are appropriate

There are a number of options for creating the Oversight Committee. Regardless of the selected organizational structure, assumptions have been made regarding the oversight council:

- Decisions should consider the technical committee structure

- Coordinates all NERC technical committees

- Assumes participation by NERC technical committees (regardless of number)

- Eliminate or avoid duplication of effort or potential gaps in solutions

- RISC Reliability Report (priorities and profiles) used to easily identify and coordinate efforts in support of reliability and security

- Support moving quickly and refocusing resources rapidly

- Brings multi-disciplined teams together to develop "complete" solutions

- Leverage scarce talent to solve problems and maximize returns

- Work collaboratively to solve problems

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[2] The SET analyzed three options for the creation of an Oversight Committee and recommends Alternative 1a. The other options considered were Alternative 1b: Charter the SCCG with organizational reporting to RISC and Alternative 1c: Delegate functions to RISC. Option 1a was selected because it provided the best baseline to compare alternative structures, and is in-line with the current structure providing the lowest potential impact on the existing organization.

## Oversight Committee Implementation plan

This option would be the simplest and quickest option to implement. It would require formalizing the SCCG charter and gaining Board approval. Participation models for the committees would not change. However, the option doesn't address all of the elements of the envisaged end-point. It does however provide a base-line to which a comparison can be made to other recommended approaches.

# Option 2[3]: Replace Technical Committees with a Reliability and Security Council, and retain existing subcommittee structure

Replace the OC, PC, and CIPC with a single, new RSC, which reports to the Board, overseeing the work of the subcommittees, working groups, and task forces. The existing subcommittees, working groups, and task forces reporting to the CIPC, OC, and PC will be evaluated for work scope and recurring deliverables. It is envisioned that those subcommittees and working groups with recurring deliverables will be retained, while those without recurring deliverables will be further evaluated for synergies and streamlining of stakeholder activities. Task forces will be deployed with clear deliverables and a timeline for completing those deliverables.
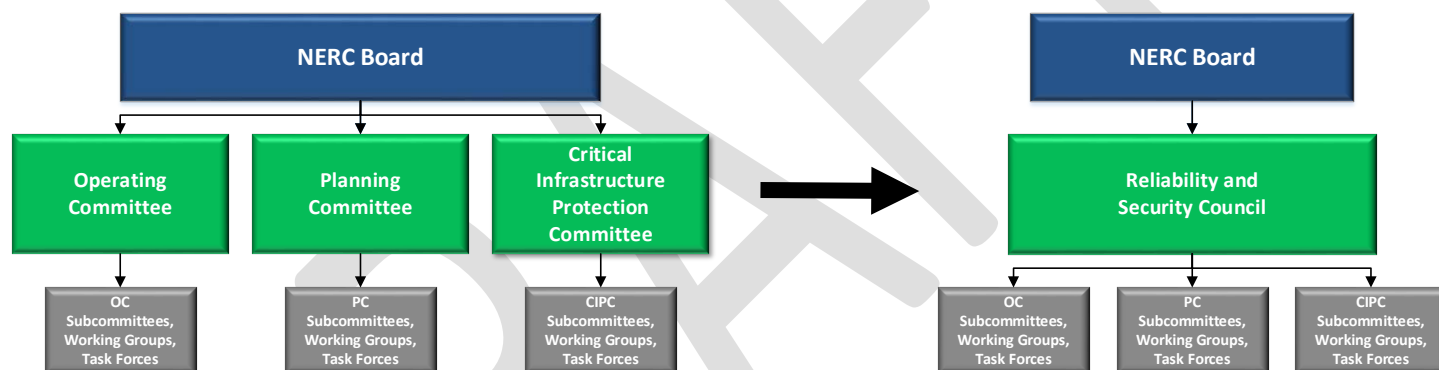


## Reliability and Security Council Participation Model Options

The ERO has three general types of participation models in its committees, highlighted below (See Appendix B for more details):

- OC/PC – Sector-based model with 2 members from each of the 12 sectors plus a chair and vice chair. Also have provisions for Canadian representation.

- CIPC – Regional-based model with 3 representatives from each Region with expertise in physical security, cyber security, and operations with provisions for Canadian representation as well as certain industry groups.

- RISC – Pool of experts selected based on skills and knowledge criteria

  - Geographic and International diversity

  - Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity;

  - High-level understanding and perspective on reliability risks;

  - Experience in a leadership role or background in an executive-level position is strongly preferred; and

  - Balanced consideration of these criteria, across the entire membership of the RISC.

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[3] The SET reviewed several options for restructuring the technical committees. The two most viable options include Alternative 1: creating a Reliability Council with Operating and Planning expertise while CIPC remains as it exists; and Alternative 2 Transform CIPC, OC and PC into a Reliability and Security Council with subcommittees and a "roster" of technical experts that can be spun up into "problem specific" task forces. This second option was selected by the SET as it encourages the consideration of all aspects of risks to reliability when designing and operating the bulk power system, during normal and emergency conditions, either natural or man-made. This would result in coordinated management of resources for addressing the various aspects of threats to the reliable operation of the bulk power system.

# Chapter 4: Compare and Contrast Options 1 and 2

## Option 1: Establish an Oversight Committee

The existing NERC technical committee's structure remains unchanged with this option. Option 1 does create formal oversight of the activities of the OC, PC, and CIPC by the SCCG, chartered as the Oversight Committee. The Oversight Committee will be responsible for coordinating development and approving the work plans of the technical committees to assure that there is no redundancy in committee activities. The Oversight Committee, in consultation with NERC management team, will determine when there is a need to form task forces (project teams) to resolve a specific grid reliability issue. To implement Option 1, a charter must be developed for the Oversight Committee that will include membership, responsibilities, deliverables and reporting requirements to the Board.

## Option 2: Establish Reliability and Security Council

This option creates a new formal oversight that combines the experience of all three committees into one. The newly created RSC will oversee the output of the subcommittees, working groups, and task forces, and report to the Board. Depending on the participation model chosen for the RSC, this model provides less "silo" impact for issues that overlap in the current model as well as increasing effectiveness by addressing duplication and/or gaps in the current subcommittee structure. During the transition to this new structure, the existing subcommittees, working groups, and task forces will remain until the RSC has an opportunity to complete its analysis of all ongoing activities and priorities.

### Potential Effectiveness and Efficiency Benefits

There are several potential effectiveness and efficiency benefits from Option 2, compared to both the status quo and Option 1. For example, Option 2 provides:

#### *Better functional alignment with the RISC*

The RISC is made up of industry advisors that provide leadership/advice on strategic forward-looking risks, prioritize the risks and provide recommendations for risk mitigation. The RISC provides its assessment in a report to the NERC Board every second year. The RISC report is used, among other things, to inform the ERO strategic plan and the annual Business Plan and Budget.

The main RISC-related function as it relates to the RSC will be, in conjunction with NERC management, to initiate and oversee the development of technical analyses and products to better understand and mitigate the priority risks identified in the RISC report, monitor the effectiveness of mitigation activities, and identify emerging risks from measuring system performance.

The graphic below shows the relationship between the RISC, RSC, and the Board:
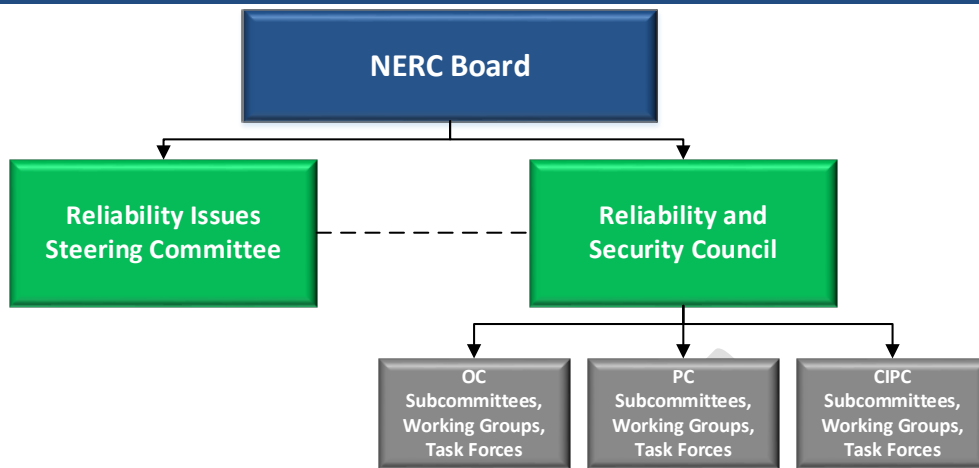
The resulting model supports the ERO and NERC Board with two leadership bodies:

1. RISC: Advising on emerging risks, prioritizing them and identifying impactful mitigation activities.

2. RSC: Overseeing the implementation of those tactical prioritizations through work plans, similar to a project management office, as well as advising on the reliability and security of the BPS through reliability assessments and performance analysis to identify and address any unexpected new and emerging risks.

Below provides further granularity on the roles of RISC and the proposed RSC.

**Reliability Issues Steering Committee Charter**
**Purpose**
The Reliability Issues Steering Committee (RISC or Committee) is an advisory committee that triages and provides front-end, high-level leadership for issues of strategic importance to BPS reliability and security and offers high-level stakeholder leadership engagement and input on issues that impact BPS reliability.

RISC advises the NERC Board, NERC standing committees, NERC staff, regulators, Regional Entities, and industry stakeholders to establish a common understanding of the scope, priority, and goals for the development of solutions to address these issues, including the use of solutions other than the development of new or revised reliability standards. In doing so, the RISC provides a framework for steering, developing, formalizing, and organizing recommendations to help NERC and the industry effectively focus their resources on the critical issues needed to best improve the reliability and security of the BPS.

**Reporting**
The RISC reports to the NERC Board.

**Functions**
The RISC performs two primary functions for the Board.

1. The first function of the RISC is to evaluate emerging BPS reliability issues and risks. The RISC provides strategic leadership and advice to the NERC Board and others to triage key reliability risks and propose solutions to manage those risks.

2. Second, the RISC provides a biennial analysis of risks to the BPS and produces a relative prioritization of the risks and mitigation activities. The prioritization is designed to advise:

    a. Annual ERO action planning, resource allocation, budgeting and strategic planning processes; and

    b. Standing committee planning, including the development of the Reliability Standards Development Plan.

In addition, the RISC performs such other functions that may, from time to time, be delegated or assigned by the NERC Board.

**Reliability and Security Council**
**Purpose**
Similar to the RISC, RSC will be an advisory council that, in conjunction with NERC management, initiates and oversees the development of technical assessments and analysis that i) support the analytical assessment function of the ERO; and ii) develop and provide products that can be used by industry to mitigate risks to the BPS.

**Reporting**
The RSC will report to the NERC Board.

**Functions**
To provide technical advice, project management, and subject matter expertise support to each of the NERC program areas, and to serve as a forum to integrate the outputs of each ERO program area, including:

1. **Reliability Assessments** – Review reliability assessments, assure technical accuracy and completeness of results, and endorse approval of assessments to NERC's Board.

2. **Cyber and Physical Security** – Review and assess the horizon for emerging cyber and physical risks. Develop mitigations, including guidelines, Alerts, webinars, whitepapers and standard enhancements.

3. **Emerging Issues and Reliability Concerns** – Identify emerging issues within the electric industry, address issues in reliability and security assessments, and address other issues as assigned by the Board.

4. **Operational Analyses** – Develop operational analyses, model validation, and key reliability areas, resulting in technically accurate and comprehensive reports addressing these areas (i.e., frequency response, intermittent generation, cyber and physical security, distributed energy resources (DER), etc.). Provide recommendations that facilitate addressing the reliability and security risks identified. Provide oversight, guidance, and direction to address key planning related issues.

5. **Standards Input** – Provide technical expertise and feedback to Standard Authorization Requests (SARs) that have reliability- or security-related impacts, provide foundational technical efforts that support the key reliability operational, planning and security related standards development, coordinate effectively with the Standards Committee to maintain alignment on priorities, develop and vet planning, operational and security guidelines that align with approved standards with industry stakeholders, and provide reliability risk information for prioritization of SARs and new or enhanced Reliability Standards.

6. **Metrics** – Provide direction, technical oversight, and feedback on the NERC Adequate Level of Reliability (ALR) metrics. Pioneer development of security metrics

7. **Event Analysis** – Review all event reports to determine lessons learned and good industry practices and promote the dissemination of information to the industry to enhance reliability.

8. **NERC Alerts** – Participate in the review and development of requests for industry actions and informational responses.

9. **Reliability and Security Guidelines, Technical Reports, White Papers, Implementation Guidance, and other reference documents** – Develop reliability guidelines, white papers, technical reports and reference documents to address emerging issues and industry concerns related to system operations.

10. **System Operator Training** – Provide necessary support and guidance to facilitate System Operator training.[4]

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[4] Currently the Personnel Subcommittee (PS), reports to the NERC Operating Committee and is the governing body of the NERC Continuing Education Program that oversees development and implementation of the Continuing Education (CE) Program requirements. The PS develops and updates, as necessary, the CE Program Manual. It may be better for this subcommittee to report to the NERC Personnel Certification Governance Committee. This transition would require a changes in NERC's Rules of Procedure.

11. **Additional Activities and Outreach** – Opportunities to share lessons learned, information haring by U.S. DOE National Labs, technical reports, security briefings, cyber reports and training, etc. will be broadened so more stakeholders can participate.

## *Increasing effectiveness and efficiency by providing end-to-end solutions*
It is envisaged that the RSC would provide direction to the existing subgroups of the current PC, OC and CIPC that produce recurring deliverables that support ERO analytical work. As well, when emerging risks are identified, the RSC would determine the best way to get a better understanding of the technical aspects of the issues and the potential mitigating strategies. It is envisaged that it would approach this task through the creation of issue-specific task forces that would have well-defined mandates and deliverables. A single issue-specific task force could be structured to examine and report on planning, operational and security aspects of a given issue. Examples of past issues that the RSC might address in a more holistic way include essential reliability services (ERS), distributed energy resources (DER) and inverter-based resources. Future issues may include, for example, storage.

## *Enhanced contact between RSC, the MRC and the NERC Board*
By replacing the three existing technical committees with one RSC, enhanced contact will result between the new RSC and the NERC Board. More time at Board and MRC meetings is envisaged to hear a report from the RSC and tee up specific items for discussion. As well, it is currently a challenge for Trustees to attend the OC, PC and CIPC meetings as they occur concurrently.

## *General efficiencies*
The integration of the existing OC, PC, and CIPC provides efficiencies in terms of both NERC and industry support, although these are difficult to quantify at this time. For example, rather than nearly 120 members participating in the three existing technical committees, approximately 40 members will participate in the RSC. RSC meetings will continue to be conducted as open meetings, similar to the existing technical committee meetings

# Recommended Participation Model:
The SET is recommending a participation model for Option 2 which will be a hybrid of the existing models used in other committees. The number of RSC members and qualifications are based on:

- Sector representation which may or may not include all existing sectors

- Skills and knowledge criteria similar to the RISC

- Provisions for Canadian representation

# Reliability and Security Council Implementation Plan
The first meeting of the RSC will be in early 2020 and the existing technical committees will be dissolved with the formation of the RSC. A detailed Implementation / Transition Plan will be developed after the SET receives Policy Input from the MRC and Board.

# Chapter 5: Membership

Membership will be a hybrid model composed of sector representatives, at-large representatives, and non-voting members. Sector representation will be one member each for Sectors 1 – 10 and 12.[5] Overall selection of members will consider RE area and Interconnection diversity, subject matter expertise (Planning, Operating, or Security) organizational type (Cooperatives, Investor-Owned Utilities, Public Power, Power Marketing Agencies, etc.) and country (Canada, Mexico, and U.S.). At-large representation will be used to fulfill a complete overall balanced representation and expertise in the RSC.

| Table 5.1: Summary of the SET's Proposed Membership Model ||
|---|---|
| **Name** | **Voting Members** |
| Sectors 1-10 and 12 | 11 |
| At-Large | 20 |
| Chair and Vice Chair | 2 |
| **Total** | **33** |

| Table 5.2: Additional Non-Voting Members[6] ||
|---|---|
| **Non-Voting Member** | **Number of Members** |
| NERC Secretary | 1 |
| United States Federal Government | 2 |
| Canadian Federal Government | 1 |
| Provincial Government | 1 |
| **Total** | **5** |

## Membership Qualifications

The RSC Charter will set forth that individuals qualified to serve on the RSC will include senior management and technical level (e.g., Manager, Director, Vice President, Principal, Lead Engineer) industry experts who have familiarity, knowledge, and experience in Planning, Operating, and/or Security. In addition, the RSC members are expected to have an understanding of Project Management culture and methods for delivering work products within scope, schedule, cost, and quality. The RSC members will collaborate to provide oversight of multi-disciplinary and cross-organizational initiatives to ensure that the work products achieve the ERO's and RISC's strategic objectives, enhance NERC's critical functions, and collectively address planning, operating and security objectives. The RSC will primarily oversee development and implementation of risk mitigating technical solutions through the work of the subcommittees, working groups, and task forces.

## Expectations

Members of the RSC are expected to support NERC's reliability mission;[7] execute the policies, directives, and assignments of the Board; and advise the Board on the technical perspectives of risk mitigating solutions for: operating reliability matters; transmission planning matters; reliability and resource adequacy matters; physical and cyber security matters.[8] Additionally, the RSC will be responsible for ensuring the work of its subcommittees, working groups and task forces is completed in coordination with the efforts of the CCC, SC, PCGC, and the RISC.

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[5] With the ERO model maturing and Regional Entities an integral part of the ERO, Regional Entities (Sector 11) will not be directly represented on the stakeholder RSC. Sector 11 representatives will participate as RSC non-voting participants.
[6] Mexican Government representation considered once they have joined NERC.
[7] NERC's mission is to "assure effective and efficient reduction of risks to the reliability and security of the bulk power system."
[8] Liaise with the Electricity Information Sharing and Analysis Center (E-ISAC).

# Membership Selection

Nominations for expiring terms (Sector and At-Large) will be called for by NERC and are selected (for approval by the NERC Board of Trustees) by a Nominating Committee consisting of the NERC Board Vice Chair, NERC Chief Executive Officer, MRC Vice Chair, and the RSC's Chair and Vice Chair. Representatives are selected based on the qualifications established in Membership and Membership Qualifications sections above. In addition to sector seat diversity, membership on the RSC should consider the following criteria in the selection of sector and at-Large representatives:

- Geographic and International (Canadian/Mexican) diversity, including a goal of having representatives based in each RE's area and each Interconnection.

- Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity; and,

- Subject matter expertise in Operations, Planning, and/or Security including a reasonable balance of expertise among these three areas.

Nominations for sector members (Sectors 1-10 and 12) will be called for annually under a process that is open, inclusive, and fair, similar to the annual nomination process of the existing OC and PC. The nomination process will be completed in time for the secretary to send the list of nominees to the RSC Nominating Committee. Sector and at-large nominees may not represent more than one RSC sector at any one time and no single organization, including its affiliates, may have more than one member on the RSC. RE employees are not eligible to be at-large representatives.

The SET did not include the existing Sector 11 (Regional Entity) representation in the proposed model. The exclusion of Sector 11 reflects the maturation of the ERO enterprise and coordination within and between REs.

See Appendix C for sector and at-large definitions and descriptions.

# Board Appointment and Membership Terms

Members are appointed to the RSC by the Board and serve on the RSC at the pleasure of the Board. Member terms are two years (with half of the terms ending in odd years and the remaining half ending in even years for both Sector and At Large representatives). Vacancies are filled using the same process as selection.

# Officers

Officers will serve two-year terms and shall be selected as follows:

- Chair and vice chair selections are through nomination by the RSC with confirmation by the NERC Board.

- The chair and vice chair shall not be from the same sector.

- No individual may serve more than one sequential term as chair and one term as vice chair unless approved by the Board.

# Chapter 6: Executive Committee

## Authorization

The executive committee of the RSC is authorized by the RSC to act on its behalf between regular meetings on matters where urgent actions are crucial and full RSC discussions are not practical. Ultimate RSC responsibility resides with its full membership whose decisions cannot be overturned by the executive committee, and which retains the authority to ratify, modify, or annul executive committee actions.

## Membership

The RSC will select an executive committee of six members, with consideration of sectors, Regions, Interconnections, and other representation factors, as follows:

1. Chair

2. Vice-chair

3. Four members from different sectors selected by the RSC Chair and Vice-Chair with subject matter expertise in Operations, Planning, and/or Security including a reasonable balance of expertise between the three areas. These members will be confirmed by the full RSC.

## Terms

The executive committee will be replaced every two years, with the chair and vice chair replaced at the June meeting and the remaining four replaced at the September meeting. Vacancies between cycles may be filled by RSC leadership and approved by the RSC at its next meeting.

# Chapter 7: Industry Review and Comment Timeline

The SET presented the two options described in Chapter 3 to the MRC at their May 2019 meeting and requested feedback on these options. In light of that feedback and further consideration, the SET decided unanimously that Option 2 was preferable to Option 1 and has worked over the May-July period to refine the details of the proposed RSC for stakeholder feedback and further MRC and Board consideration.

The SET will conduct an industry comment period from July 12-August 15, 2019 and conduct an industry webinar on August 8, 2019. There will be an MRC Informational Session webinar on July 19, 2019 to inform industry of the SET's recommendations and to define the Policy Input questions regarding the proposal. There will be a Policy Input period July 11-31, 2019. The proposed recommendation will be presented to the MRC for policy input at their August 14, 2019 meeting. The SET may make revisions to the proposal based on MRC feedback. The final recommendation will be presented to the Board at their November 6, 2019 meeting with implementation to begin January 1, 2020.

# Chapter 8: Elements of a Charter for the Reliability and Security Council

The SET reviewed existing charter and scope documents and recommends including the following in the Reliability and Security Council Charter:

1. Membership
   a. Representation
   b. Selection
   c. Terms
   d. Vacancies
   e. Proxies

2. Meetings
   a. Frequency
   b. Quorum
   c. Voting
   d. Confidential sessions

3. Officers
   a. Terms
   b. Conditions
   c. Selections

4. Voting

5. Subcommittees, Working Groups, Task Forces
   a. Formation and Cessation
   b. Work Plan Approval Process

# Appendix A: Stakeholder Engagement Team Roster

| Table A.1: Stakeholder Engagement Team Roster | |
|---|---|
| **Name** | **Company** |
| **Leadership** | |
| Jennifer Sterling (MRC Vice Chair) | Exelon |
| Mark Lauby | NERC |
| **Team Members** | |
| Ken DeFontes | NERC Trustee |
| Fred Gorbet | NERC Trustee |
| Greg Ford (MRC Chair) | Georgia System Operations Corporation |
| Lloyd Linke (OC Chair) | Western Area Power Administration |
| Dave Zwergel (OC Vice Chair) | MISO |
| Brian Evans-Mongeon (PC Chair) | Utility Services, Inc. |
| Marc Child (CIPC Chair) | Great River Energy |
| Jennifer Flandermeyer (CCC Chair) | Kansas City Power & Light |
| Jason Marshall | Wabash Valley Power Alliance |
| Patti Metro | NRECA |
| David Short | IESO |
| Martin Sidor | NRG Energy, Inc. |
| Scott Tomashefsky | Northern California Power Agency |
| Jeffrey Cook | Bonneville Power Association |
| Michael Desselle | Southwest Power Pool |
| **Additional Participants** | |
| Edison Elizeh | Bonneville Power Association |
| Gaurav Karandikar | SERC |
| Phil Fedora | NPCC |
| David Zwergel | MISO |
| Jim Albright | TexasRE |
| Dave Godfrey | WECC |
| Tim Ponsetti | SERC |
| Melinda Montgomery | SERC |
| Maggie Peacock | SERC |
| John Odom | FRCC |
| Eric Senkowicz | FRCC |
| Jeff Craigo | RF |
| Ray Palmieri | RF |
| **NERC Staff** | |
| James Merlo | Tom Hofstetter |
| Sam Chanoski | Nina Jenkins-Johnston |
| John Moura | Trion King |
| Stephen Crutchfield | Sandy Shiflett |
| Mark Olson | |

# Appendix B: Existing Participation Models

<table>
<tr><th colspan="4">Table B.1: Existing Participation Models</th></tr>
<tr><th></th><th>RISC</th><th>CIPC</th><th>OC/PC</th></tr>
<tr><th></th><th>Pool of Experts</th><th>Regional Entity Representation</th><th>Balanced Sectors</th></tr>
<tr>
<td><strong>Member Composition</strong></td>
<td><strong>6 – Stakeholder based</strong><ul><li>4 – MRC</li><li>2 – At-Large</li></ul><strong>5 – Committee based</strong><ul><li>1 – from each of the standing committees (OC/PC/CIPC/CCC/SC)</li></ul></td>
<td><strong>32 Voting Members</strong><ul><li>24 – registered entities (3 from each Regional Entity)</li><li>2 – Canada</li><li>2 – Policy Experts</li><li>2 – APPA</li><li>2 – NRECA</li></ul></td>
<td><strong>29 Voting Members</strong><ul><li>27 – Sectors 1-12[9]</li><li>2 – Chair and Vice Chair</li></ul></td>
</tr>
<tr>
<td><strong>Selecting Body</strong></td>
<td><strong>Stakeholder Based</strong><br>Nominating Committee (chaired by the MRC Vice-Chair) presents a recommended slate of candidates to the Board.<br><br><strong>Committee Based</strong><br>Board appointed</td>
<td>Self-nomination from groups identified above<br><br>Subject to removal by Executive Committee</td>
<td>Candidates are elected by the registered NERC Members in Sectors 1-10 and 12.<br><br>Members in Sector 11 are appointed by the Regional Entity.</td>
</tr>
<tr>
<td><strong>Criteria</strong></td>
<td>Geographic and International diversity, such that Eastern, Western, and Texas Interconnections, along with Canada are represented on the RISC;<br><br>Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity;<br><br>High-level understanding and perspective on reliability risks;<br><br>Experience in a leadership role or background in an executive-level position is strongly preferred; and Balanced consideration of these criteria, across the entire membership of the RISC.</td>
<td>Each RE's voting members must collectively have expertise in physical security, cyber security and operations</td>
<td>Investor-Owned Utility<br><br>State/Municipality<br><br>Cooperative Utility<br><br>Federal or Provincial Utility / Federal Power Marketing Administration<br><br>Transmission Dependent Utility<br><br>Merchant Electricity Generator<br><br>Electricity Marketer<br><br>Large End-User Electricity Customer<br><br>Small End-User Electricity Customer<br><br>Independent System Operator / Regional Transmission Organization</td>
</tr>
</table>

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[9] Sectors 1-3, 5-9, and 11-12 have two voting members each. Sector 4 has four voting members and Sector 10 has three voting members.

| | | | |
|---|---|---|---|
| | | | Regional Entity |
| | | | State Government |
| | | | Officers |
| **Non-Voting Members** | | Identified list of organizations | Government representatives (including Canada) |
| | | | Secretary |
| | | | Chair and Vice Chair of the subcommittees |

# Appendix C: Reliability and Security Council Member Definitions

| RSC Members | | |
|---|---|---|
| **Name** | **Definition** | **Members** |
| **Voting Members** | | |
| 1. Investor-Owned Utility | This sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission, or distribution. This sector also includes organizations that represent the interests of such entities. | 1 |
| 2. State/Municipal Utility | This sector includes any entity owned by or subject to the governmental authority of a state or municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state or municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating, transmitting, or purchasing electricity for sale at wholesale to their members. This sector also includes organizations that represent the interests of such entities. | 1 |
| 3. Cooperative Utility | This sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities. This sector also includes organizations that represent the interests of such entities. | 1 |
| 4. Federal or Provincial Utility/Federal Power Marketing Administration | This sector includes any U.S. federal, Canadian provincial, or Mexican entity that owns and/or operates electric facilities in any of the asset categories of generation, transmission, or distribution; or that functions as a power marketer or power marketing administrator. This sector also includes organizations that represent the interests of such entities. | 1 |
| 5. Transmission dependent Utility | This sector includes any entity with a regulatory, contractual, or other legal obligation to serve wholesale aggregators or customers or end-use customers and that depends primarily on the transmission systems of third parties to provide this service. This sector also includes organizations that represent the interests of such entities. | 1 |
| 6. Merchant Electricity Generator | This sector includes any entity that owns or operates an electricity generating facility that is not included in an investor-owned utility's rate base and that does not otherwise fall within any of sectors (i) through (v). This sector includes but is not limited to cogenerators, small power producers, and all other non-utility electricity producers such as exempt wholesale generators who sell electricity at wholesale. This sector also includes organizations that represent the interests of such entities. | 1 |
| 7. Electricity Marketer | This sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in North America on a physical or financial basis. This sector also includes organizations that represent the interests of such entities. | 1 |

| RSC Members | | |
| --- | --- | --- |
| **Name** | **Definition** | **Members** |
| 8. Large End-User Electricity Customer | This sector includes any entity in North America with at least one service delivery taken at 50 kV or higher (radial supply or facilities dedicated to serve customers) that is not purchased for resale; and any single end-use customer with an average aggregated service load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. This sector also includes organizations that represent the interests of such entities. | 1 |
| 9. Small End User | This sector includes any person or entity within North America that takes service below 50 kV; and any single end-use customer with an average aggregated service load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. This sector also includes organizations (including state consumer advocates) that represent the interests of such entities | 1 |
| 10. Independent System Operator/Regional Transmission Organization | This sector includes any entity authorized by the Commission to function as an independent transmission system operator, a Regional transmission organization, or a similar organization; comparable entities in Canada and Mexico; and the Electric Reliability Council of Texas or its successor. This sector also includes organizations that represent the interests of such entities. | 1 |
| 12. State Government | This sector includes any state government department or agency in the United States having a regulatory and/or policy interest in the Bulk Electric System (BES). | 1 |
| Officers | Chair and Vice Chair | 2 |
| At Large | Entities that collectively meet the following general criteria for balanced representation: (i) geographic diversity from all U.S. interconnections and ERO Enterprise Regional Entities, (ii) high-level understanding and perspective on reliability risks based on experience at an organization in the electricity sector, (iii) operations, planning and/or cybersecurity experience and expertise from an organization in the electricity sector, and, (iv) experience in an executive-level position at an organization in the electricity sector. Excludes Regional Entity staff. | 20 |
| **Non-Voting Members** | | |
| Government Representatives | This sector includes any federal, state, or provincial government department or agency in North America having a regulatory and/or policy interest in wholesale electricity. Entities with regulatory oversight over the Corporation or any Regional Entity, including U.S., Canadian, and Mexican federal agencies and any provincial entity in Canada having statutory oversight over the Corporation or a Regional Entity with respect to the approval and/or enforcement of Reliability Standards, may be non-voting members of this sector. | |
| | United States Federal Government | 2 |
| | Canadian Federal Government | 1 |
| | Provincial Government | 1 |
| Secretary | The committee secretary is a NERC staff member appointed by NERC management and will be seated at the committee table | 1 |

# MEMORANDUM

**TO:**      Roy Thilly, Chair
             NERC Board of Trustees

**FROM:**    Jack Cashin, Director, Policy Analysis and Reliability Standards, American Public
             Power Association
             John Di Stasio, President, Large Public Power Council
             John Twitty, Executive Director, Transmission Access Policy Study Group

**DATE:**    August 6, 2019

**SUBJECT:** Response to Request for Policy Input to NERC Board of Trustees

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The American Public Power Association, Large Public Power Council, and Transmission Access
Policy Study Group concur with the Policy Input submitted today by the State/Municipal and
Transmission Dependent Utility Sectors of the Member Representatives Committee, in response to
NERC Board Chair Roy Thilly's July 11, 2019 letter requesting policy input in advance of the
August 2019 NERC Board of Trustees meetings.
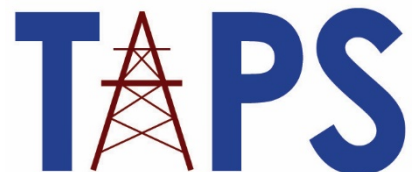
The Canadian Electricity Association ("CEA") appreciates this opportunity to provide policy input for the NERC Member Representatives Committee ("MRC") and Board of Trustees ("Board").

**Summary of Key Points:**

- If further developed, the Reliability and Security Council ("RSC") model offers an opportunity to increase the efficiency, effectiveness, coordination and oversight of the ongoing technical committee work within NERC, and to enhance overall stakeholder engagement.

- The proposed structure has the potential to deliver a wider view on topics, as the impact of greater digitalization moves the industry towards a greater mixing of traditional planning, operating, and security roles.  In order to fully realize the benefits of the RSC model, and to avoid unintended consequences, NERC should further develop and clarify the following issues: RSC membership and effective Canadian representation; agenda-setting and prioritization of issues; cyber security considerations; ensuring North American perspectives; and ensuring this proposal complements wider NERC effectiveness and efficiency efforts.

- Clarification is requested regarding expected budget savings, and the future of the Standing Committee Coordination Group resulting from a transition to an RSC model.

- NERC may wish to consider renaming the RSC to minimize confusion between the RSC and RISC.

- CEA is supportive of the policy input letter comments from the Federal Utilities and Federal Power Marketing Administrations - Sector 4, submitted by Lloyd Linke.

**Proposal for Restructuring NERC Technical Committees**

- CEA thanks NERC and the Stakeholder Engagement Team for the ongoing effectiveness and efficiency efforts, including efforts to ensure NERC's stakeholder engagement structure allows it to best realize its mission of effective and efficient reduction of risks to the reliability and security of the grid as the industry model and reliability considerations evolve.  The proposed structure has the potential to deliver a wider view on topics, as the impact of greater digitalization moves us toward a greater mixing of traditional planning, operating, and security roles.

- If further developed, the Reliability and Security Council ("RSC") model offers an opportunity to increase the efficiency, effectiveness, coordination and oversight of the ongoing technical committee work within NERC, and to enhance overall stakeholder engagement.

- In order to fully realize the potential benefits of the RSC model and to avoid unintended consequences, NERC should further develop and clarify the concept of the RSC model, particularly for the following elements:

  o **RSC membership & recruitment**

- While evolving reliability issues faced by the industry may require solutions and expertise that expand across traditional operating frameworks, many companies are still internally structured through a planning/operations/security model. Technical expertise in many cases is still developed within this framework as well, with people developing knowledge within a certain industry area.

  This reality may make it challenging to identify RSC members who can bring the necessary breadth of knowledge and experience to work across these industry areas.

  Additionally, under the current construct subcommittee members could work their way up to leadership roles in the three technical committees over time, as expertise in a certain technical area was gained. NERC should also consider that working up to RSC membership may be more difficult under the RSC model, unless exposure is gained in all three areas.

- **Agenda-setting and prioritization**
  - With the RSC model, streamlining could lead to less time and consideration for important issues previously accorded their own committees. At the same time, it could also lead to the inability for the RSC adequately focus agendas and attention on the highest priority issues if there is an inability to prioritize or adequately manage subcommittee and task-group work.

    Care must be taken to ensure that issues addressed by the RSC are well-prioritized, while also guarding against dilution of attention due to a higher number of issues being overseen by one group rather than three.

- **Cyber security**
  - Cyber security is an area of evolving and growing concern with unique challenges that require highly tailored expertise to address.

    As such, it may be challenging for cyber-specific work to be undertaken under a merged committee structure. NERC should consider how to ensure that the right expertise, and sufficient attention, is focused on this issue.

- **North American-wide representation**
  - As NERC is a North American regulator overseeing an integrated bulk power system, care must be taken to ensure Canadian perspectives are equally considered alongside American ones.

  - CEA appreciates that some consideration has been made to ensure Canadian representation on the RSC. That said, NERC should ensure that there is adequate Canadian representation from across the country, and that there is not a reduction of consideration to Canadian issues relevant to Bulk Power System reliability. Ongoing care must be taken to ensure adequate Canadian and North American wide representation on the RSC.

  - In addition to RSC membership, NERC should consider how to ensure adequate Canadian membership and mandates to include North American perspectives, when relevant, for the

subcommittees, working groups and taskforces the RSC would oversee. As these subcommittees and groups would conduct most of the technical detail work for the RSC, it would be beneficial to have this clarified at this stage of RSC development.

- o **Overall effectiveness and efficiency efforts**
  - ▪ This proposal is part of an initiative to improve the effectiveness and efficiency of how stakeholders engage with NERC, with this stakeholder initiative being a part of a wider NERC endeavor to review the effectiveness and efficiency of ERO Enterprise operations.

    NERC must take care to ensure that proposals that stem from different parts of this wider endeavor are developed in a measured and coordinated fashion so that they serve to complement and reinforce each other. Additionally, changes that serve to increase the effectiveness and efficiency with one aspect of NERC should complement other areas of NERC that work well.

  - ▪ NERC should consider that the restructuring of this aspect of stakeholder engagement may lead to steps to potentially restructure or streamline additional subcommittees and working groups, or other NERC committees, and what those next steps may look like should be considered with a holistic approach. A longer-term plan that can be shared with stakeholders may also be an output of this existing process.

    As such, NERC should consider what timeline or milestones may allow a sufficient window for the RSC to develop its working process and to work through any operating issues before developing further restructuring plans (if appropriate), and to strike the right balance of neither rushing nor delaying.

- Other aspects which CEA would encourage NERC to clarify include:
  - o Identifying the expected budget savings as a result of the change to an RSC model.
  - o Whether the Standing Committee Coordination Group ("SCCG") will continue in a modified form under the RSC model, or be phased out.

- CEA would also encourage NERC to consider:
  - o Whether a different name for the RSC may minimize possible confusion with the Reliability Issues Steering Committee ("RISC"), which also reports to the Board.

CEA thanks the Board for considering these comments. CEA and its members look forward to continuing the discussion in Quebec City.

**Dated:** August 6, 2019.

**Contact:**
Francis Bradley
President & CEO
Canadian Electricity Association
Bradley@electricity.ca

**Policy Input for the NERC Board of Trustees**
**Provided by the Edison Electric Institute**
**August 6, 2019**

On behalf of its member companies, the Edison Electric Institute (EEI) appreciates the opportunity to provide the following policy input for the NERC Board to review in advance of the meetings in Quebec. EEI perspectives on bulk power system (BPS) reliability are formed by the CEO Policy Committee on Reliability, Security, and Business Continuity and the Reliability Executive Advisory Committee with the support of the Reliability Committee. We look forward to an active discussion on the Stakeholder Engagement Team Proposal (SET Proposal) at the upcoming meetings.

## Summary of Comments

- EEI supports the concepts and ideas presented in Option 2, which should result in a more streamlined approach for addressing risk to the BPS because it will support coordination among the committees, remove silos, and ensure the prioritization of reliability and security stakeholder roles.
- EEI recommends providing additional time to effectively transition to this new structure because of the significant transformation required for successful implementation of the proposal.
- EEI recommends that sector representatives be elected by the sector they serve, with NERC Board of Trustees (BOT) oversight.
- EEI recommends that the at-large member nomination process be similar to the Compliance and Certification Committee (CCC) nominating committee model, which includes BOT oversight.
- EEI recommends removing references to the requirement that members of the Reliability and Security Committee (RSC) have executive leadership experience.
- EEI recommends providing additional clarity in how the roles and expectations of the RSC and Reliability Issues Steering Committee (RISC) differ.

## Stakeholder Engagement

In the July 12, 2019 policy input letter, NERC Board of Trustees Chair, Roy Thilly, asked for input on the stakeholder engagement initiative with the objective of improving it by restructuring the NERC Technical Committees. EEI supports efforts

to re-examine the NERC standing committees to improve their effectiveness and efficiency.  Specifically, EEI supports the coordination and collaboration of workplans to prevent duplication of efforts and remove silos. The proposal should also ensure a smooth transition for the subject matter experts and the prioritization of reliability and security stakeholder roles.

EEI joins NERC and the Stakeholder Engagement Team (SET) in support of the concepts and ideas presented in Option 2 of the proposal. Option 2, which combines the three committees into a new oversight committee, should result in a more streamlined approach for addressing risk to the BPS. To strengthen the final SET Proposal, EEI offers the following suggestions for the NERC BOT to consider.

A longer transition period is needed because Option 2 represents a substantive change from the current structure. The proposed January 2020 implementation date likely will not provide enough time to address the details in the implementation plan and charter to transition to this new structure in a methodical, transparent manner. To accommodate this transformation, additional time and details are necessary. EEI recommends a longer transition period, but no later than June 2020, to implement the new direction and allow time for effective change management to ensure the success of this path moving forward.

Additionally, EEI recommends modifications to the proposed RSC membership selection process, including consideration of a hybrid nomination process. Sector representation should be elected by each sector with final approval by the NERC BOT, prior to selection of at-large members. At-large seats can then be determined based on the identified criteria, through a nominating committee. Selecting at-large members after sector representatives are confirmed will ensure geographic diversity, size, and subject matter expertise is represented. EEI recommends that the nominating committee membership and process be similar to the CCC nominating subcommittee. Including representatives from each sector in all NERC standing committees is fundamental to maintain the integrity of the stakeholder driven process, which is crucial to the success of the ERO Enterprise model.

Additionally, EEI supports the exclusion of Sector 11 (Regional Entities) in the SET Proposal.

The NERC Board should address more clearly industry participation at the RSC meetings.  Guidelines should ensure that meetings are open to industry and that sufficient space is available for industry to participate. This is essential to maintain critical peer-to-peer networking and discussions. Additionally, the SET Proposal should address clearly how information sharing and informational sessions will continue in the proposal. These sessions are a key component of existing technical committee agendas.

Understanding that the SET Proposal has undergone multiple iterations, references to requirements for executive leadership experience for the RSC members may be a

holdover from previous drafts and, if so, should be removed from the final SET Proposal.

Finally, Option 2 should clarify coordination among the RSC, RISC, and other NERC Committees to address effectively the priorities the RISC identifies. This coordination is a key factor in Option 2. There also appears to be overlap between the roles of the RSC and RISC as currently described. The NERC Board should clarify how these roles and expectations differ in the final SET Proposal.

Thank you for the opportunity to provide policy input. As previously stated, EEI supports the concepts and ideas presented by the SET and looks forward to working with NERC to continue strengthening the proposal for this transformative effort.

# Sector 8 Policy Input for the
# NERC Board of Trustees & Member Representatives Committee

# August 14-15, 2019 Meetings in Quebec City, Canada

ELCON, on behalf of Large End-Use Consumers, submits the following policy input for the consideration of NERC's Board of Trustees (BOT) and the Member Representatives Committee (MRC). It responds to BOT Chairman Roy Thilly's July 11, 2019 letter to Greg Ford, Chair of the MRC.

## SUMMARY

- **The proposal to replace the NERC CIPC, OC, and PC with the RSC** — Large Consumers support the effort to improve the efficiency and effectiveness of stakeholder engagement by creating a central committee overseeing the three standing committees. Both Option 1 and Option 2 would serve this function and Option 2 to create the RSC was the unanimous preference of the stakeholder engagement team (SET). Large Consumers, as a resource-constrained sector, expect to participate more robustly under a central committee model than in disaggregated venues. Large Consumers support the creation of the RSC subject to modifications of the participation model. Large Consumers also suggest consideration of an RSC model limited to operations and planning, leaving security to a separate committee, if the RSC model appears strained to represent all three subject matter areas sufficiently.

- **The proposed participation model of the RSC** — The RSC model requires modification to be successful. Two changes are essential: 1) a minimum of two representatives per sector is critical to provide sector balance and 2) sectors should retain the right to elect their own representatives. Additional modifications, such as RSC members elected their own leadership, would benefit RSC performance.

- **The best way to implement the transition from three technical committees to the RSC** – The timeframe to present the final SET recommendation at the November 6, 2019 NERC Board meeting with implementation starting January 1, 2020, is a tight timeframe. Full implementation in Q1 2020 may prove challenging, and quality should not be sacrificed for expediency. An interim phase-in structure may be necessary to ensure existing work at the standing committees continues

uninterrupted. Large Consumers emphasize that the process to disassemble standing committees and reorient subcommittees be mindful of intended and unintended consequences, such as the transfer of institutional knowledge.

**Replacing the Three Standing Committees with the RSC**

Large Consumers support the effort to improve the efficiency and effectiveness of stakeholder engagement by creating a central committee overseeing the three standing committees. The stakeholder engagement team (SET) considered two options: 1) create an oversight committee and retain the existing standing committees or 2) create the Reliability and Security Council (RSC) to replace the standing committees and retain only the subcommittees. Sector 8 comments are focused on Option 2, having recognized that the SET decided unanimously that Option 2 was preferable to Option 1. Sector 8 also raises the question of whether security expertise should be integrated with a consolidated approach to planning and operating expertise.

Sector 8 believes integrating planning and operating expertise is a more natural fit but including security may stretch the ability of the RSC to function effectively across all three subject matter areas. Sector 8 supports consideration of a third option: having the OC and PC replaced by the RSC but retain a separate security committee. Any security committee should be configured to achieve sector balance. For example, if one representative per sector is pursued, the number of at-large seats available to any sector should not outweigh the number of sector-designated seats.

Regardless, consolidating the standing committees will enhance the ability of resource-constrained sectors to participate, including Large Consumers. For example, each ELCON company with registered entities has one to three full-time equivalents assigned to NERC/RE activities. ELCON, as the Sector 8 trade association, has one position dedicated in part to NERC issues. As such, Sector 8 is incapable of populating dozens of committees, subcommittees, task forces, and working groups. Therefore, the limited participation of Sector 8 is a reflection of resource constraints, not a lack of interest. It is critical that RSC governance decisions protect the rights and standing of resource-constrained sectors and enhance avenues to ensure fair representation. Generally, Sector 8 expects to participate more actively in venues with broad oversight, like the RSC, whereas the benefits to participation are diffuse in more concentrated venues.

The process to disassemble standing committees and reorient subcommittees must be mindful of intended and unintended consequences. Standing committees have unique cultures, areas of expertise, and processes that reflect much fine-tuning over the years. These insights, along with transferring other forms of institutional knowledge, warrant careful consideration through a careful RSC implementation process. Integrating disparate forms of expertise has benefits in a matrix format but the challenges may vary unevenly across different subject matter combinations. For example, combining planning and operating committee functions may face fewer barriers than integrating them with security issues.

Large Consumers are confident that SET can address these barriers with a sufficient implementation process and timeframe by the November 2019 BOT meeting. Sector 8 support for the creation of the RSC is predicated on several revisions to the proposed participation model, which are necessary to provide robust sector representation on the RSC.

**Proposed Participation Model of the RSC**

Sector 8 believes the proposed RSC participation model requires modification to be successful. The proposal consists of a chair and vice chair, one representative per sector (Sectors 1-10 and 12), 20 at-large representatives, and five non-voting members. Nominations for Sector and At-Large seats would be selected by a Nominating Committee consisting of the NERC Board Vice Chair, NERC Chief Executive Officer, MRC Vice Chair, and the RSC's Chair and Vice Chair.[1] Large Consumers are very concerned that this would result in sector imbalance in RSC composition, especially as the depth of subject matter expertise varies across sectors.

Two modifications are imperative for the RSC to be successful:

1. *The minimum number of representatives per sector should be two*. One representative for some sectors would not provide broad representation and diversity of stakeholder views. Increasing this to two representatives per sector, while holding total membership constant, would result in nine at-large positions. This is sufficient for the nominating committee to fill in any gaps in regional diversity or expertise. If a sector cannot fill its two seats, the position can default to the applicable term for an at-large position.

2. *Sectors should retain the right to elect their own representatives.* As proposed, a nominating committee selecting representatives on behalf of a sector may create representation flaws and stakeholder discontent. Sector stakeholders are better positioned to know which of their own are best suited to represent the sector's perspectives on RSC issues, as well as which subject matter experts are best suited to contribute to an oversight committee. Peer sector voting has been successful in other committees to-date in achieving geographic diversity, while providing expertise. The BOT would still retain authority over final membership decisions, and the nominating committee would retain the ability to fill-in any criteria gaps with at-large selections.

Sector 8 also emphasizes other criteria points for RSC membership:

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[1] For approval by the NERC Board of Trustees.

- *RSC leadership should be elected by the RSC.* RSC leadership, specifically the Chair and Vice Chair positions, should be elected by the full RSC, subject to BOT confirmation. This is important for a self-governing stakeholder body and will provide for balance in the nominating committee to select at-large members of the RSC.
- *Sector balancing criteria.* It is unclear how the various criteria discussed in the proposal will be weighed. If a formulaic approach is unworkable, minimum parameters for sector balance should be established at a minimum. This is critically important if the RSC retains one representative per sector.
- *Sectors should retain autonomy over term limits*. Resource-constrained sectors do not have the depth of personnel that other sectors possess. Restricting the ability of personnel to remain on consecutive terms would severely diminish the quality of representation and expertise on the RSC, while imposing a disproportionate burden on Large Consumers.
- *Ensure minimum RSC membership qualifications do not accidentally preclude quality candidates.* RSC membership should be comprised of individuals with direct experience in planning, operations, and security to maximize its objectives. Executive experience should not be a requirement and may conflict with the objectives of creating the RSC. Electric industry expertise is uncommon and typically not a requirement for executives of companies outside the utility industry, such as industrial consumers. The vast majority of electricity expertise in non-utility companies are not in executive positions (e.g., energy procurement directors) and should be eligible to participate in the RSC. Unnecessary RSC eligibility restrictions would restrict expertise available to the RSC, thus undermining the objective of having greater expertise at the RSC's disposal.

**Transition Implementation**

Initiating implementation in Q1 2020 would be feasible but full implementation may prove challenging on this timeframe, presuming the revised SET proposal obtains NERC Board approval in November 2019. Several elements will be important to achieve effective and efficient RSC implementation, most importantly establishing a communications and change management plan that adheres to all stakeholders. This includes establishing an implementation team or committee if necessary and selecting participants, a timetable for milestones, regular progress updates communicated to stakeholders, clarifications of the nuanced roles and responsibilities that align the RSC charter and subcommittee determinants with NERC's mission, and formulating performance metrics. Developing measures of success, creating an RSC performance feedback mechanism, and ensuring the RSC process permits room for revision to tweak the model are important elements to instill up-front in the implementation phase.

RSC implementation should take the necessary time for effective implementation; change management at this scale often takes about six months to complete. An overly aggressive timeframe may risk work disruptions and stakeholder dissatisfaction. Existing standing committees should not be dissolved prematurely. An interim RSC phase-in structure may be necessary to ensure existing work at the standing committees continues uninterrupted. This may require the RSC and existing standing committees to co-exist until new work processes and human capital arrangements have been finalized for the RSC and new subcommittee governance.

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| TO: | Roy Thilly, Chair |
| | NERC Board of Trustees |

| FROM: | Lloyd A, Linke |
| | Federal Utility/Federal PMA Portion Sector 4 |

| DATE: | August 5, 2019 |

| SUBJECT: | Response to Request for Policy Input to NERC Board of Trustees |

The Portion of Sector 4 representing the Federal Utilities and Federal Power Marketing Administrations (Federal PMA), appreciate the opportunity to respond to your July 11, 2019 letter to Mr, Greg Ford, Chair NERC Member Representative Committee, requesting input on certain policy issues. It is clear that the SET delved deeply into the workings of the Technical Committees and developed a streamlined organization to oversee the technical work of the Technical Committees.

The Board requested MRC provide policy input on the following:

**The proposal to replace the NERC Critical Infrastructure Protection Committee, OC and PC with the RSC.**

It is important that this change doesn't result in less stakeholder involvement or reduces stakeholder benefits. In order to accomplish this it is important that the benefits stakeholders receive from information sharing with national labs, technical reports, security briefings, lessons learned, cyber reports, training, etc. are important and need to continue.

**The proposed participation model of the RSC.**

The hybrid participation model and the number of members being suggested allows for the sectors to still have input on RSC membership, while establishing at-large positions to allow the nominating committee to ensure geographical/international, sector, size, asset, and subject matter (planning, operating and security) diversity. The size of the proposed RSC is the minimum number of members that we believe would be needed to ensure adequate diversity of membership and additional thought should be given as to whether it should be increased. The current split between sector members and at-large members is appropriate, given that the size of the at-large membership will be critical in being able to maintain this diversity.

**The best way to implement the transition from the three technical committees to the RSC.**

Successful implementation will be a key factor in determining whether it is a great proposal or not. While the nomination process will require the selection of all the RSC members, it is important to a successful implementation that an adequate level of continuity is maintained from the current Technical Committees. We strongly suggest that when the nominating committee selecting the initial RSC members keeps this in mind, as it will allow for a more speedy transition after Board approval of the RSC.

The initial Chair and Vice Chair of the RSC will also have a vital role in ensuring a successful transition. The SET consider this and recommend an initial RSC Chair and Vice Chair to the Board at the November Board meeting, so they could participate in the proposed nominating committee that will be selecting the RSC members.

The Federal PMAs support the comments provided by Canadian Electricity Association.  As the CEA points out that it is important to ensure adequate Canadian representation, the Federal PMA's also believe that it is important to ensure that there is adequate Federal PMA representation.

# ISO/RTO Council's (IRC) Policy Input to Board of Trustees

*August 31, 2019*

The ISO/RTO Council [1] ("IRC") appreciates the opportunity to respond to the Board's request for policy input. The IRC offers the following response to Mr. Roy Thilly's letter dated July 11, 2019, to the Member Representatives Committee (MRC)

The IRC has prepared responses to the proposal for restructuring NERC Technical Committees and the topics below:

1. The proposal to replace the NERC Critical Infrastructure Protection Committee, OC, and PC with the RSC.
2. The proposed participation model of the RSC.
3. The best way to implement the transition from three technical committees to the RSC.

### Summary Comments

The IRC supports the effort to review the existing committee structure to identify efficiencies that can be found after more than ten years of ERO operations. We do agree that there may be some efficiencies observed through combining the existing Operations and Planning groups. However, the IRC believes that including Security matters in the combined group does not improve efficiency. The IRC is also concerned with a different committee structure being proposed for the new committee. The IRC is not aware of any concerns with the existing structure of the standing committees or the Members Representative Committee (MRC), which may be a better model for the RSC.

## I.    The proposal to replace the Operating Committee, Planning Committee, and NERC Critical Infrastructure Protection Committee with the RSC.

There is reasonable justification for a committee that is responsible for both Operations and Planning. Recent joint meetings between the NERC OC and PC have proven productive due to

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[1] The IRC is comprised of the Alberta Electric System Operator (AESO), the California Independent System Operator Corporation (California ISO), Electric Reliability Council of Texas (ERCOT), the Independent Electricity System Operator of Ontario, Inc., (IESO), ISO New England, Inc. (ISO-NE), Midcontinent Independent System Operator, Inc., (MISO), New York Independent System Operator, Inc. (NYISO), PJM Interconnection, L.L.C. (PJM), and Southwest Power Pool, Inc. (SPP).

various existing and emerging issues that impact both Operations and Planning. Timely and improved communications between Operations and Planning will be helpful going forward.

Unlike others, the IRC has not struggled to participate in each of the three committees. Each committee is comprised of individuals with a specific skill set for the core work involved, and the IRC has been able to provide resources for each.

In contrast, it would be a challenge to find a single expert to address IRC issues for a consolidated RSC focused on Operations, Planning and Security issues – particularly because of the typical separation of Security from Operations and Planning functions. We understand that a consolidation may reduce NERC's resource commitment; however those efficiencies need to be balanced with the technical commitment needed from the industry and the overall NERC budget.

We do not disagree that from time to time there is a need to have all groups come together for a common issue.  However Security issues—whether Cyber or Physical—are usually different enough from Operations and Planning matters to warrant retaining a CIPC type of group to address Physical and Cyber Security. Because of the relatively few crossover topics between Operations/Planning and Security, the efficiencies gained through combining Operations and Planning may be lost if Security issues are added to the scope of the RSC. The IRC believes that the limited coordination needed between the operations/planning and security groups can still be achieved by joint meetings, as needed, similar to the current process.

If NERC does decide to address Security issues in a single committee, the IRC recommends a phased approach, beginning with combining the Operations and Planning Committees.  Industry experience with that consolidation would permit some immediate efficiency, while allowing the combined committee time to adapt to working together before fully incorporating Security matters.

## II.    The proposed participation model of the RSC.

The IRC would like to better understand how the proposed participation model of the RSC would be able to adequately represent the diverse interests of the industry that the current committee structure can. We ask why the RSC could not be structured similar to the MRC, with two reps from each sector, which has worked well in the past. In the case of our recommendation, sectors could be populated with both an Operations expert and a Planning expert. This would provide a more balanced committee with adequate expertise from each sector. Other than a smaller total group size, it is not clear what working efficiencies will be obtained with the proposed structure.

The RSC Proposal suggested that the balance of the expertise will be filled by the 20 at-large seats. The IRC is interested to understand how NERC will ensure that the skill sets will be balanced among Operations, Planning and Security as emerging issues arise, in coordination with the sector positions.

The proposal also suggests that the sector representatives will no longer be elected by each sector.  Rather, they will be presented to the Board by a Nominating Committee and the Board will vote on them.  We can support a final vote by the Board; however, the IRC believes it is better situated to find candidates from its membership than the Board, and asks for the right to provide its sector nominees on the RSC. The RSC would still utilize the Nominating Committee to populate the at-large member sector.

## III.  The best way to implement the transition from three technical committees to the RSC.

The IRC is hopeful the transition will carefully consider the open items each of the existing committees are currently working through. Considering that the existing committees meet four times a year, a reasonable transition may be to allow for one or two joint meetings to occur prior to disbanding the existing committees, to ensure a proper close and transition of work from the old committees to the new.  Thus, we recommend a transition period of no less than six months.

# Policy Input to the NERC Board of Trustees
## August 15, 2019, Quebec City, QC, Canada
## Provided by the North American Generator Forum

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The North American Generator Forum appreciates the opportunity to provide the following policy input in advance of the NERC BOT meeting.

## Summary

**Item 1: The proposal to replace the NERC Critical Infrastructure Protection Committee, OC, and PC with the RSC.**

> The NAGF agrees the RSC would increase the effectiveness and improve the functional alignment with the RISC.

**Item 2: The proposed participation model of the RSC.**

> The NAGF along with the NATF would be very interested in participating on the RSC as a means to continue the forums collaborative support of the ERO.

**Item 3: The best way to implement the transition from three technical committees to the RSC.**

> The NAGF suggests the RSC meet with the OC, PC and CIPC leadership to discuss the current goals and activities of the various subcommittees, working groups and task forces prior to the transition.

**<u>Discussion</u>**

**Item 1: The proposal to replace the NERC Critical Infrastructure Protection Committee, OC, and PC with the RSC.**

The NAGF agrees the RSC would increase the effectiveness and improve the functional alignment with the RISC. The NAGF notes a concern regarding the transfer of knowledge. With the technical committees, knowledge transfer occurs at the meetings either during the formal presentations or during the informal discussions at break. The R & S Council may need to supplement document releases with more frequent workshops and WebEx's.

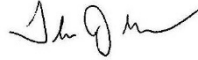**Item 2: The proposed participation model of the RSC.**

The NAGF understands the functional model proposed and would be very interested in participating along with the NATF as a means to continue the forums collaborative support of the ERO. The NAGF also notes the R & S Council Nominating Committee needs to ensure members have the technical expertise and familiarity with the emerging risks to be able to effectively evaluate and guide the various subcommittees, working groups and task forces. The NAGF would be very interested along with the NATF in being a member of Council as we currently work together to bring WebEx's and workshops to the industry with the goals to identify emerging risks and develop strategies to mitigate those risks.

**Item 3: The best way to implement the transition from three technical committees to the RSC.**

With the subcommittees, working groups and task forces already in place, NERC should establish the R & S Council then have the RSC meet with the OC, PC and CIPC leadership to discuss the current goals and activities of the different groups, develop a plan and then begin the evaluation of opportunities for consolidation.

| | |
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| **To:** | NERC Board of Trustees (BOT) |
| **From:** | Thomas J. Galloway, NATF President and CEO |
| **Date:** | July 31, 2019 |
| **Subject:** | NATF Policy Input to the NERC BOT (August 2019): Proposal for Restructuring NERC Technical Committees |

The North American Transmission Forum (the "NATF") appreciates the opportunity to provide policy input on the proposal to restructure the NERC technical committees (OC, PC, CIPC) for consideration by the NERC Board of Trustees.

**Summary Input**

- If the NERC Board of Trustees restructures the Technical Committees as proposed, the new Reliability and Security Council (RSC) should include a representative from both the North American Transmission Forum (NATF) and the North American Generator Forum (NAGF).  This would help ensure line of sight between ERO managed activities and industry forum activities and initiatives, enhancing the opportunity to eliminate or avoid duplication of effort or potential gaps in solutions.

**Full Input**

NATF has reviewed the recommendation of the Stakeholder Engagement Team (SET) to establish a Reliability and Security Council (RSC) to replace the existing technical committees, as described in the draft Proposal for Restructuring NERC Technical Committees.  If the NERC Board of Trustees decides to implement the SET's proposal, the NATF recommends the RSC include a representative from both the North American Transmission Forum (NATF) and the North American Generator Forum (NAGF).  This would help ensure line of sight between ERO managed activities and industry forum activities and initiatives, enhancing the opportunity to eliminate or avoid duplication of effort or potential gaps in solutions.

NERC and the NATF have entered into a memorandum of understanding in which NERC's role is to identify existing and emerging risks to BPS reliability with support from industry stakeholders, including the NATF and its membership, and facilitate strategies and activities to appropriately address and effectively mitigate the identified risks.  The NATF's role is to support NERC in identifying and mitigating (where appropriate and practical) risks by providing input to characterize and validate the risks, identify other risk areas, and implement appropriate strategies and activities amongst its members to support mitigation of the identified BPS risks.

While the focus of the SET recommendation and the role of the RSC is on the activities of the NERC technical committees and their associated subcommittees, working groups, and task forces, solutions to industry risks and issues can also come from the industry forums (NATF and NAGF).

Including NATF and NAGF representatives to the RSC creates an approach to effectively address issues with scarce resources and reduce duplication, ensuring we have "the right people working on the right issues."

cc:     NATF Board: J. Jipping, E. Seidler
        NATF Staff: Keels, Carter, Aldred, Underwood

# Policy Input
# From a Northeastern North American Reliability Perspective
# By the NPCC Board of Directors

1. **Proposal to Replace the NERC Planning, Operating and Critical Infrastructure Protection Committees with a Reliability and Security Council**

   - The NPCC Board supports the proposal to form a NERC Reliability and Security Council (RSC), which will be similar in scope and nature to NPCC's Reliability Coordinating Committee.

   - With the emergence of differing, asymmetric risks to reliability across North America, the NPCC Board recommends that particular attention be paid to the criteria for RSC membership that addresses geographic diversity.

   - The NPCC Board supports the inclusion of Regional Entity representatives as non-voting participants at the RSC meetings to support the effective operation of the ERO Enterprise.

   - The NPCC Board recommends that RSC meetings provide WebEx/Teleconferencing access in order to support efficient industry access to the deliberations.

   - In the interest of a successful, seamless transition, the NPCC Board recommends that the first meeting of the RSC could immediately follow the final meetings of the existing technical committees.

*Submitted to the August 14, 2019 NERC MRC and*
*August 15, 2019 NERC BOT Meetings*
*Affirmed by the NPCC Board of Directors*
*July 30, 2019*

**Cooperative Sector Policy Input to the NERC Board of Trustees**
**August 6, 2019**

The Cooperative Sector appreciates the opportunity to provide policy input to the NERC Board of Trustees (BOT) for policy issues that will be discussed at the August 14/15 NERC MRC, Board and Board Committee meetings.

*Summary of Policy Input*
- *The Cooperative Sector appreciates the opportunity to provide policy input on the important issues surrounding the future of the three technical committees and we support the effort to undertake this review as part of NERC Efficiency and Effectiveness initiative.*
- *If option 2 is selected by the BOT:*
  - *Roles for both the RSC and RISC will need to be more explicitly understood to ensure there isn't duplication of efforts;*
  - *There may be benefits to expand the Sector membership so that there are two representatives from each of the 11 Sectors as more fully described below.*
- *Cooperative Sector members are split on their preferred direction on restructuring the three technical committees and further details are provided below.*
- *The Cooperative Sector does not currently have input related to a transition plan.*

Proposal for Restructuring NERC Technical Committees
Item 1: The proposal to replace the NERC CIPC, OC and PC with the RSC
- The Cooperative Sector appreciates the opportunity to provide policy input on the important issues surrounding the future of the three technical committees.  This is an important element of NERC's efficiency and effectiveness initiative and we support the effort to undertake this review.  At this time our input is based upon a split in opinions from our sector members.
- For those sector members who expressed a preference between the two options presented, option 2 was viewed as the best option to address the effectiveness and efficiency going forward for the three technical committees.
- An important consideration for option 2 is that tight coordination and communication will be necessary between the RSC and the RISC.  Additionally, roles for both the RSC and RISC will need to be more explicitly understood to ensure there isn't duplication of efforts.
- Not all sector members expressed a preference between the two options presented, and several themes were derived from those comments:
  - There needs to be assurances provided that the most valuable aspects/services/forums provided by the three technical committees continue to be implemented in any new model.  The technical committee members should be part of the decision-making process for making these determinations.
  - Some found it challenging to understand the deliberations of the SET meetings and that meeting notes/minutes were not provided to industry.  Additionally, the proposal states that the current technical committee members were surveyed for input on the existing committee structure, but the survey results were not made public.  Being able to review the non-attributable survey results and meeting notes/minutes would help stakeholders better understand the decisions made by the SET and the views of the technical committee members.
  - An increased understanding for the basis of the four conclusions in Chapter 3 would help stakeholders better understand the basis for the issues addressed in the proposal.
- Based on the Cooperative Sector's split views on the proposal, we look forward to a good discussion during the MRC meeting on our issues and those of the other Sectors.

Item 2: The proposed participation model of the RSC
- The Cooperative Sector has the following issues with the participation model of the RSC:
  - o Regarding the option 2 Sector and At-large membership structure, there may be benefits to expand the Sector membership so that there are two representatives from each of the 11 Sectors, thereby reducing the At-Large members to 7 if the desire is to keep the total membership at 33. By increasing the Sector membership, each of the Sectors will have increased control over the skillsets to bring to the RSC. There is value in At-Large members, but having nearly double At-Large members compared to Sector members does not appear to provide the individual Sectors a large enough role for the focus on the work ahead.
  - o Additionally, there is concern that option 2 as proposed may not be optimal for ensuring the needed expertise will be represented across the membership. Giving the Sectors two members each is one potentially beneficial way to increase needed expertise, but in both the Sector and At-Large membership there needs to be more checks and balances to ensure that there are appropriate operations, planning and security experts represented in the membership.

Item 3: The best way to implement the transition from three technical committees to the RSC
- The Cooperative Sector does not currently have input on how to transition from three technical committees to the RSC primarily due to not knowing if the RSC option is in fact the direction the BOT will choose. After the BOT makes a final decision at a future meeting, that appears to be the best time to begin working on a transition plan from the current committee structure to the structure approved by the BOT.

Submitted on behalf of the Cooperative Sector by:
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Senior Director, Regulatory Affairs
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**NERC Board of Trustees**

**Quebec, City, Canada**
**August 14-15, 2019**
**Policy Input of the Merchant Electricity Generator Sector**

Sector 6, Merchant Electricity Generator Sector, takes this opportunity to provide policy input in advance of the upcoming North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) and Board of Trustees (Board) meetings in Quebec City.

In a letter to MRC Chair Greg Ford dated July 11, 2019, Board Chair Roy Thilly requested MRC input on the Reliability and Security Council Proposal. Sector 6 makes the following comments in response.

**Key Points**

- Sector 6 supports Option 2 as the preferred model.
- The processes under which the Reliability Issues Steering Committee (RISC) and Reliability and Security Council (RSC) operate must be clearly defined.
- Since the RSC is a technical committee requiring subject matter expertise, the criterion for candidates needing executive experience should not be a factor for serving.
- The number of at-large representatives may need to be adjusted to allow for adequate technical stakeholder representation and expertise.

**Sector 6 Comments for Policy Input**

The Merchant Electricity Generator Sector supports the work of the stakeholder engagement team and the proposed Option 2. We recognize the need for the technical committees to operate more effectively with fewer available experts, and this option encourages this to happen.

The RISC and RSC would be more closely aligned and must work in a well-defined process in order to be successful. The RISC has evolved in what it considers, the way it operates and what it delivers. We would like to see a process that more clearly addresses what the RISC will deliver to the RSC and how the RSC will interact with the RISC and NERC staff.

Since the RSC would be a technical committee, the criteria for representation should focus on the technical expertise within the sector. Overemphasizing executive experience for those serving on the RSC would reduce the number of qualified candidates available, especially in sectors where qualified representation is difficult to recruit. The RISC itself is a policy-focused committee that identifies the issues for the experts in the RSC to address and already uses executive experience as a selection criterion. The RSC should be fine seeking experts with management experience.

The Merchant Generators agree with the number of representatives on the RSC. It is about as large as it can be for effective oversight and discussion. The Merchant Generators understand

that it can be difficult to balance the needed expertise in operations, engineering, and the numerous CIP functions to have effective representative expertise.  We feel this is one area where further stakeholder input would be valuable.  We understand the hesitancy from others regarding only one elected sector representative.  We would support a change in how RSC members are selected or appointed if a simple satisfactory process can be identified that meets the overall technical needs of the RSC while satisfying stakeholder desires.

The Merchant Generators feel the March 2020 implementation date is aggressive, especially with the need to develop new charters and alter existing charters.  As noted earlier, processes will need to be created, hopefully with stakeholder input, and this too will take time.  Combined with the effort to fill the RSC we would be comforted to see another 6 months added to the timetable to fully address concerns.


Sincerely,
/s/
**Sector 6 Merchant Electricity Generator Representatives:**

Martin Sidor
NRG Energy, Inc.

Sean Cavote
PSEG

**TO:**   Roy Thilly, Chair
     NERC Board of Trustees

**FROM:**  Carol Chinn
     William J. Gallagher
     Roy Jones
     John Twitty

**DATE:**  August 6, 2019

**SUBJECT:** Response to Request for Policy Input to NERC Board of Trustees

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   The Sector 2 and 5 members of the NERC Member Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to the July 11, 2019 letter to Mr. Greg Ford, Chair of the MRC.

   We appreciate the invitation for MRC member sectors to provide input on an important policy and governance matter that is intended to improve the efficiency and effectiveness of NERC and the stakeholder process: the proposal to replace the NERC Critical Infrastructure Protection Committee (CIPC), Operating Committee (OC) and Planning Committee (PC) with the Reliability Security Council (RSC). Herein, the SM-TDUs provide policy input on the proposal.

   We also provide additional input to thank NERC for launching the CIP Standards Efficiency Review project.

   We look forward to discussing the proposal, along with other agenda package items at the upcoming meetings of the Board of Trustees (BOT), Board committees, and the MRC on August 14-15, 2019 in Quebec City.

*Summary of Comments on Proposal to Restructure NERC Technical Committees*

- ➢ **Both Option 1 and Option 2 provide the needed central oversight for the three standing committees. Importantly, Option 1 provides oversight by refocusing the OC, PC, and CIPC, while retaining the benefits those committees bring to NERC and the industry. If it is not acceptable as a long-term solution, Option 1 should be adopted as the mechanism for achieving an effective and efficient transition.**

- ➢ **Should Option 2 be selected, then the following need to be employed:**

  - o **The Sectors should have three (3) representatives on the RSC, or in the alternative, a minimum of two (2) representatives.**

  - o **The Sector representatives and leadership should be elected by stakeholder groups, with BOT oversight.**

o **The transition needs to be well thought out and structured, and then an appropriate timetable determined.**

o **Executive experience should not be a qualifying-criteria for RSC membership.**

**SM-TDU Comments on the NERC Board of Trustee's Request for Policy Input**

The SM-TDUs support NERC's objective to improve effectiveness and efficiency and encourage NERC not to lose the value that the three stakeholder committees have brought to NERC for decades. Otherwise, the commitments made by individual stakeholders and their organizations to these committees would be lost. Consistent with that encouragement, SM-TDUs believe Option 1 would be a better approach to retaining the many benefits of the existing structure, while also ensuring committee coordination is focused on reliability and security priorities.

**Option 1**

The focus of Option 1 is to oversee the important work of the existing OC, PC, and CIPC committees, including the best aspects of both options by providing a central oversight committee. By directing priorities, the oversight committee will reorient the work of the existing three technical committees, without dissolving the existing OC, PC and CIPC committees. While we understand that the intent of the SET proposal is for the task forces and subcommittees to continue their efforts under the RSC, once it is established, the elimination of the three committees puts at risk the investment by current members and their sponsoring organizations, as well as the institutional knowledge and processes that have long contributed to the success of NERC's mission.

While the SM-TDUs believe that the true efficiency promise lies with Option 1, we recognize that Option 2 appears to be the preferred approach. Thus, if Option 1 is not acceptable as a long-term solution, then, at a minimum, Option 1 should serve as the foundation for the transitional plan for Option 2 (as improved by implementing our suggestions below). Option 1 would allow for the needed oversight as the three committees can prioritize work as they are phased out in an orderly fashion.

**Option 2 –Reliability Security Council -with Modifications**

If the Electric Reliability Organization (ERO) is committed to selecting Option 2, then the SM-TDUs believe that it needs to be modified to be successful. The following explains the recommended modifications to ensure success for the RSC oversight entity.

- **Role of the Reliability Issues Steering Committee**

The success of Option 2 depends on the Reliability Issues Steering Committee (RISC) and assumes the RISC is a mature committee that has reached peak effectiveness. In the context of the proposal, that assumption needs to recognize that, although RISC was established to do triage, it does not perform that task as originally envisioned. Moreover, the RISC needs an established, repeatable process for setting priorities so that stakeholder members of the RISC can have an

effective role in focusing on key priorities, with NERC staff support. The SM-TDUs recognize that the RISC members, along with NERC staff, are working on resolving these matters.

- **RSC Members Should be Elected by Stakeholder Peers**

The SM-TDU Sectors believe that to function effectively as a stakeholder committee, RSC members that are sector representatives should be elected rather than nominated as suggested in the Option 2 proposal. Sectors are best suited to self-select the Subject Matter Experts (SMEs) to represent them on the RSC; SMEs that are well-suited to understand and contribute to an oversight committee. There is no evidence that the existing system has led to uneven geographic representation or SME imbalance. On the contrary, diversity has been achieved through election. Additionally, the proposal does not adequately justify the nomination committee selecting the sector representatives as well as the significant number of at-large members. While the NERC BOT will still have final say on RSC membership, the election model would provide the needed transparency if the BOT does not accept an elected representative.

- **The Composition of the RSC Should be Modified to Better Ensure Effective Sector Representation**

As currently proposed, the RSC would have 11 sector representatives and 20 at large members, plus the RSC Chair and Vice Chair. Consistent with support for electing RSC members with adequate stakeholder expertise, the SM-TDUs strongly prefer that each of the 11 sectors elect three (3) representatives to the RSC to secure the technical expertise from each of the three substantive areas (OC, PC, and CIPC). At a minimum, to be effective, the RSC should have two (2) elected representatives from each sector. Allowing for only 1 representative per sector (11 sectors representative out of 33 proposed members – see page 12 of the SET proposal) is not sufficient to assure the broad representation and diversity of stakeholder views. The remaining 9 spots would be at-large positions, providing the nominating committee an opportunity to fill in any gaps in regional diversity or expertise. To the extent a sector cannot fill its two spots, that spot can default to the applicable term for an at-large position.

- **RSC Leadership Should be Elected by the RSC**

RSC leadership, similar to sector representatives, should be elected, rather than selected, through a nominating committee process. The Chair and Vice Chair of the RSC should be elected by the full RSC, subject to confirmation by the BOT. Adopting this approach, along with the other proposed changes to the composition and selection process for RSC members, will better ensure a balanced nominating committee for selecting the at-large members of the RSC. Allowing RSC members to elect the Chair and Vice Chair would also reduce the size of the RSC by two, enhancing its efficiency.

- **RSC Membership Should Not be Limited to Executives**

The qualifications for RSC membership should be modified. While executives with technical expertise may seem a good fit, the SM-TDUs believe requiring executive experience could lead to a less effective RSC. Requiring executive experience for at-large members (as provided on page 21 of the proposal) would be inappropriate, potentially excluding candidates with valuable technical knowledge and experience. A requirement of managerial/leadership experience

coupled with the necessary technical knowledge would enable the members to provide the effective policy oversight that the RSC is intended to provide. Basing committee membership on titles rather than experience could serve to deny able contributors that would otherwise benefit the ERO. This could be especially true for small entities, where titles often do not tell the true story of leadership or experience.

- **Transition Timetable**

The SM-TDUs believe that the successful movement to an oversight committee, such as the RSC, is dependent on an adequate transition plan and timetable. As mentioned earlier, if not selected as a longer-term approach, Option 1 should be used as the foundation for a transition plan to Option 2. In any case, the process for planning and structuring the transition needs to be elongated to ensure that the existing work of the OC, PC, and CIPC effectively continues. The proposed March 2020 implementation date is unreasonable. This is especially true given the need to more fully develop the implementation plan and charter.

**Additional Input Item – SER Phase 2**

We appreciate NERC's efforts to launch and support the CIP Standards Efficiency Review (SER). The SER has been an important effort and we commend NERC for completing Phase I. We look forward to engaging with NERC and the industry to advance the CIP SER.

Thank you for the opportunity to provide this policy input. We look forward to the discussion at the meetings.