

Meeting Minutes Board of Trustees Compliance Committee

August 3, 2011 | 10:30 a.m.–Noon PT
Vancouver Marriott Pinnacle

Chair Bruce Scherr called to order a duly noticed open meeting of the Board of Trustees Compliance Committee of the North American Electric Reliability Corporation on August 3, 2011, at approximately 10:35 a.m., Pacific Time, and a quorum was declared present. The agenda and list of attendees are attached as **Exhibits A** and **B**, respectively.

NERC Antitrust Compliance Guidelines

Chair Scherr acknowledged NERC's Antitrust Compliance Guidelines.

Overview of Meeting Objectives and Process

Chair Scherr reviewed the meeting's objectives.

Consent Agenda

On motion of Paul Barber, the committee approved the meeting minutes of May 10, 2011.

NERC Staff Update

Compliance Enforcement

Rebecca Michael, associate general counsel corporate and regulatory matters and acting director of compliance enforcement, presented an update to the BOTCC and the industry on plans to enhance the compliance and enforcement program process. The new process differentiates matters based upon the level of risk to the reliability of the bulk power system (BPS). All issues will continue to be identified and corrected. Issues that pose a more serious risk to the reliability of the BPS will be filed at the Federal Energy Regulatory Commission ("FERC") on a monthly basis in a further streamlined spreadsheet Notice of Penalty format. Matters that pose a lesser risk to reliability will be processed on a "find, fix, track and report" (FFT) spreadsheet that will be submitted on a monthly basis to FERC. NERC will submit a filing to FERC on September 30, 2011 that will set forth the initiative in detail and will include the two new spreadsheet formats.

Ms. Michael also provided to the committee the quarterly trending statistics.

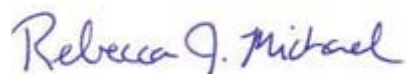
Compliance Operations

Michael Moon, director of compliance operations, presented an update on the 2012 Implementation Plan and Actively Monitored List and the Risk-Based Compliance Monitoring approach. Mr. Moon noted that NERC and Regional Entities are continuing work to develop an Entity Risk Profile Assessment template for use across the entire ERO before the end of 2011.

Adjournment

There being no further business, Chair Scherr adjourned the meeting at 12:05 p.m. PT.

Submitted by,



Rebecca J. Michael
Committee Secretary

Agenda — Open Session Compliance Committee

August 3, 2011 | 10:30 a.m.–Noon PT
Vancouver Marriott Pinnacle
1128 West Hastings Street
Vancouver, BC VE 4R5 Canada
604-684-1128

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda

1. Overview of Meeting Objectives and Process

2. Consent Agenda* — Approve

- a. May 10, 2011 Meeting Minutes
- b. Future Meetings

3. NERC Staff Update*

- a. Compliance Enforcement Improvement Initiatives

Objective: Update to BOTCC and Industry on plans to enhance the enforcement process. Included among these plans are:

- A focus group session on July 14 with a representative group of registered entities to understand their experiences in the compliance enforcement process.
- A filing with the U.S. Federal Energy Regulatory Commission planned for late-Summer or early-Fall to set forth the basis and outline the procedures by which the ERO will exercise enforcement discretion over certain violations that come into the caseload.
- A proposal to be included in the above referenced filing to restructure NERC's notices of penalty in a streamlined spreadsheet format for all violations that proceed to a notice of penalty other than those violations reflecting a serious or substantial risk to bulk power system reliability.
- A program to review and digest dismissals to distill information helpful to registered entities in determining whether to self-report.

b. Compliance Operations

- i. 2012 Implementation Plan and AML (update, use of top reliability risk priorities and posting)

Objective: Present to industry with BOTCC Support – goal is to have the 2012 plan to BOTCC for approval in July – post Aug 1 and then present major parts to industry at the BOTCC Open

- ii. Risk Based Reliability Compliance

Objective: Continue to update the BOTCC and Industry on the evolution of NERC Compliance Monitoring and Enforcement Entity Assessment

c. Quarterly Statistics

Objective: Update to BOTCC and Industry on quarterly statistics to fulfill the Committee's mandate obligations.

4. **Other Matters**

*Background material included.

**List of Attendees
Open Board of Trustees Compliance Committee Meeting
Vancouver, BC
August 3, 2011**

Board of Trustees Compliance Committee	
Chairman of Board of Trustees	John Q. Anderson
Chairman of Board of Trustee Compliance Committee	Bruce Scherr
Member	Vicky Bailey
Member	Paul Barber
Member	Fred Gorbet
Member	Ken Peterson
Member	Jan Shori

Regional Executives	
MRO	Dan Skaar
NPCC	Edward A. Schwerdt
Texas Reliability Entity	Larry Grimm
FRCC	Sarah Rogers
SERC	Scott Henry
ReliabilityFirst	Tim Gallagher

Guest	
Chairman	Bill Gallagher
Vice Chairman	Scott Helyer
Investor-Owned Utility	Carol Chinn
Investor-Owned Utility	Thomas Burgess
State/Municipal Utility	Timothy Arlt
State/Municipal Utility	John DiStasio (Proxy: Alan Mosher)
Cooperative Utility	Michael Smith (Proxy: Barry Lawson)
Cooperative Utility	Eric Baker (Proxy: Barry Lawson)
Federal/Provincial Utility	Julius Pataky
Federal/Provincial Utility	Anthony Montoya
Federal/Provincial Utility	Lorne Midford
Federal/Provincial Utility	Carmin Marcello (Proxy: Ajay Garg)
Transmission Dependent Utility	John Twitty

Transmission Dependent Utility	Terry Huval (Proxy: John Twitty)
Merchant Electricity Generator	Kathryn Mirr
Merchant Electricity Generator	William Taylor III
Electricity Marketer	Roy True (Proxy: Jason Marshall)
Electricity Marketer	Jack Cashin
Large End-Use Electricity Customer	Michelle D'Antuono
Large End-Use Electricity Customer	John Anderson
Small End-Use Electricity Customer	Lawrence Nordell
Small End-Use Electricity Customer	Charles Acquard (Proxy: Larry Nordell)
ISO/RTO	Paul Murphy
ISO/RTO	Terry Boston
Regional Entity (Voting)	Stacy Dochoda (SPP)
Regional Entity (Voting)	Craven Crowell (TRE)
State Government	Thomas Dvorsky
State Government	Robin Lunt (Proxy: Steve Johnson)
Canadian Provincial	Jean-Paul Théorêt (Proxy: Gilbert Neveu)
Canadian Federal	Amitabha Gangopadhyay
U.S. – Federal	Pat Hoffman
U.S. – Federal	Joseph McClelland
Regional Entity	Gorden Gillette (FRCC) (Proxy: Sarah Rogers)
Regional Entity	Ed Tymofichuk (MRO)
Regional Entity	Harvey Reed (NPCC)
Regional Entity	Susan Ivey (RFC)
Regional Entity	Maureen Borkowski (SERC)
Regional Entity	David Areghini (WECC)
Secretary	Dave Nevius

FERC	Aileen Roder
APPA	Alan Mosher
Ben Li Associates	Ben Li
Progress Energy	Ben Crisp
CPPC	Bill Gaines
MISO	Bill Phillips
BC Utilities Commission	Brian Williston
Georgia Systems Operations Corporation	Clay Smith
WECC	Constance White
FERC	Christy Walsh

Exelon	Dave Belanger
Northeast Utility	Dave Boguslawski
SPP	Dave Christiano
NERC	David Cook
EI	David Dworzak
WECC	David Godfrey
Dominion	David Roop
Deloitte & Touche LLP	Dmitriy Bonvih
BC Utilities Commission	Don Flintoff
PSE&G	Don Holdsworth
NERC	Ed Kichline
Quanta Technologies	Farnoosh Rahmatran
Lafayette Utilities System	Gini Ingram
BPA	Hardev Juj
NERC	Herb Schrayshuen
DP&L	Hertzel Shamash
NERC	Holly Hawkins
Natural Resources Canada	Ivan Harvie
NERC	Janet Sena
MidAmerican Energy Holdings	Jay Carrier
ReliabilityFirst	Jeff Mitchell
PSE&G	Jeff Mueller
NPCC	Jennifer Budd Matiello
NEB	Jim Davidson
EI	Jim Fama
Wisconsin Electric	Jim Keller
PSEG	John Seelke
SERC	John Twitchall
FERC	Joshua Konecni
SERC	Ken Keels
Detroit Edison	Kent Kujala
SERC	Kevin Berent
NERC	Kimberly Mielcarek
FERC	Larry Gasteiger
FRCC	Linda Campbell
NERC	Liz Merlucci

Dominion	Lou Oberski
Constellation Energy	Maggy Powell
NERC	Mark Lauby
NERC	Mark Weatherford
ERCOT	Matt Morais
SPP	Michael Desselle
Dominion	Michael Gildea
Sacramento Municipal Utility District	Michael Gianunzio
MRO	Miggie Crambilt
FERC	Mike Bardee
NERC	Mike Moon
NERC	Mike Walker
Sacramento Municipal Utility District	Michael Gianunzio
CEA	Patrick Brown
NERC	Pete Knoetgen
FRCC	Peter Heidrich
Canadian Electricity Association	Pierre Guimond
RFC	Ray Palmieri
NERC	Rebecca Michael
Quanta Technology	Reza Nasri
NERC	Ric Cameron
FERC	Roger Morie
Deloitte & Touche LLP	Samuel Icasiano
MRO	Sara Patrick
Dominion	Scot Hathaway
AEP	Scott Moore
WECC	Steve Goodwill
Exelon	Steve Naumann
NARUC	Steve Johnson
NERC-consultant	Stuart Brindley
TRE	Susan Vincent
Hydro Quebec TransEnergie	Sylvain Clermont
WECC	Taud Olsen
The Energy Group	Ted Risner
Midwest ISO	Terry Bilke
SC Public Service	Terry Blackwell

NERC	Tina McClellan
PJM	Tom Bowe
NERC	Tom Galloway
NERC	Gerry Cauley
NERC	Val Agnew