

Minutes

Standards Oversight and Technology Committee

November 1, 2016 | 9:45–10:45 a.m. Eastern

Ritz-Carlton Buckhead
3434 Peachtree Road
Atlanta, GA 30326

Mr. Kenneth G. Peterson, Chair, called to order a duly noticed meeting of the Standards Oversight and Technology Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (“NERC” or the “Company”) on November 1, 2016, at 9:45 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Members

Kenneth G. Peterson, Chair
Paul F. Barber
Kenneth W. DeFontes, Jr.
Frederick W. Gorbet
David Goulding
George Hawkins

Board Members

Janice Case
Gerry W. Cauley, President and Chief Executive Officer
Robert G. Clarke
Jan Schori
Roy Thilly

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Howard Gugel, Senior Director of Standards
Stan Hoptroff, Vice President and Chief Technology Officer
Mark Lauby, Senior Vice President and Chief Reliability Officer
John Moura, Director of Reliability Assessment and System Analysis
Steven Noess, Director of Standards Development
Marcus Sachs, Senior Vice President and Chief Security Officer
Janet Sena, Senior Vice President and Director of Policy and External Affairs
Michael Walker, Senior Vice President and Chief Financial and Administrative Officer

NERC Antitrust Compliance Guidelines

Mr. Peterson directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the agenda materials, and stated that any additional questions regarding these guidelines should be directed to Mr. Berardesco.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the August 4, 2016 meeting as presented at the meeting.

2017-2019 Reliability Standards Development Plan

Mr. Noess presented the proposed 2017-2019 Reliability Standards Development Plan (the “RSDP”), which had been included in the advance agenda package. He noted that the proposed RSDP did not include the recent FERC orders with directives relating to GMD and supply chain, and that NERC staff would work with the Standards Committee to update the RSDP to reflect those directives. Mr. Noess reviewed the more strategic and measured approach being taken to standards development and the how the standards metric process would flow into the enhanced periodic review process. After discussion, and upon motion duly made and seconded, the Committee recommended the RSDP, including the additional directives from the two FERC orders, for Board approval.

Cost Effectiveness Pilot

Mr. Gugel summarized the status of the Cost Effectiveness Pilot, referencing the material included in the advance agenda package. He reviewed the history of the project, the approach being taken and the collaboration with the Standards Committee. Mr. Gugel summarized the results of Phase I, and outlined the approach for additional Phase I pilot and a Phase II pilot. Members of the Committee noted, during the discussion, that the approach expands options for a standards drafting team at the beginning of a project, that the approach is actually one of cost effectiveness, not cost versus benefit, and that the approach cannot really capture the opportunity costs of implementing a standard.

Reliability Standards Quarterly Status Report

Mr. Noess presented the Reliability Standards Quarterly Status Report, referencing the detailed materials that had been included in the advance agenda package. He noted that there are only 12 FERC directives currently being addressed in standards development, and that all standards-related directives from FERC Order 693 have been addressed. Mr. Noess reviewed the schedule of standards that are projected to come before the Board.

Mr. Noess summarized the recent FERC directives on GMD and supply chain and the related timeliness. With respect to the supply chain directive, NERC management worked with the Standards Committee to form a very qualified standards drafting team, and Mr. Noess noted that the current plan has a posting of a draft standard during the first quarter of 2017 and a Board submission no later than the August 2017 Board meeting. With respect to the GMD directive, Mr. Moura summarize research activities being undertaken. Mr. Cauley noted that these activities would require NERC to engage third-party expertise.

NERC and ERO Enterprise IT Projects Update

Mr. Hoptroff provided an update on NERC and ERO Enterprise IT projects, referencing the detailed materials that had been included in the advance agenda package. He reviewed the status of registered entity focused projects, including user management and records, GADS, the NERC website and standards balloting. Mr. Hoptroff noted how the Company uses internal audit to conduct a post-project review to assess the actual benefits of a project compared to those projected in the business case.

Mr. Hoptroff reviewed the status of ERO Enterprise IT projects, including GADS and an overall approach for CMEP. He emphasized that these projects would enable more effective data access and analysis, and noted that for the CMEP project, the goal was to implement one common system across

the ERO Enterprise. Mr. Hoptroff reviewed the status of NERC Corporate IT projects, and reviewed those projects completed during 2017 and the 2017-2018 initiatives.

Review of Committee Mandate

Mr. Peterson noted that the Committee is require to review its mandate on an annual basis. Based on Legal Department review and the recent updating of the mandate, no modifications are necessary at this time. The Committee concurred with this conclusion.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Corporate Secretary

Agenda

Standards Oversight and Technology Committee

November 1, 2016 | 9:45-10:45 a.m. Eastern

Ritz-Carlton Buckhead
3434 Peachtree Road
Atlanta, GA 30326

Conference Room: The Ballroom – Lobby Level

Call to Order

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

1. **Minutes* — Approve**
 - a. August 4, 2016 Meeting
2. **2017-2019 Reliability Standards Development Plan* — Approve and Recommend to Board of Trustees for Approval**
3. **Cost Effectiveness Pilot* — Update**
4. **Reliability Standards Quarterly Status Report* — Information**
5. **NERC and ERO Enterprise IT Projects Update* — Review**
6. **Review of Committee Mandate* — Information**
7. **Adjournment**

*Background materials included.