

Agenda

Corporate Governance and Human Resources Committee

August 19, 2020 | 11:00 a.m.-12:00 p.m. Eastern

Attendee Webex: [Join Meeting](#)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. **Minutes* — Approve**
 - a. May 13, 2020 Meeting
2. **Responsible Return to Office— Information**
3. **2020 ERO Work Plan Priorities* — Update**
4. **Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey* — Review**
5. **Human Resources and Staffing Update* – Review**
6. **Other Matters and Adjournment**

*Background materials included.

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

DRAFT Minutes**Corporate Governance and Human Resources
Committee Meeting**

May 13, 2020 | 11:00-11:45 a.m. Eastern
Conference Call

Mr. George S. Hawkins, Chair, called to order a duly noticed meeting of the Corporate Governance and Human Resources Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (“NERC” or the “Company”) on May 13, 2020, at 11:00 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members

George S. Hawkins, Chair
Robert G. Clarke
Kenneth W. DeFontes
Colleen Sidford
Roy Thilly, *ex officio*

Board Members

Suzanne Keenan
Robin E. Manning
Jim Piro
James B. Robb, President and Chief Executive Officer

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Damon Epperson, Director of Human Resources
Howard Gugel, Vice President, Engineering and Standards
Stan Hoptroff, Vice President, Business Technology
Mark Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
Janet Sena, Senior Vice President, External Affairs

Introduction and Chair’s Remarks

Mr. Hawkins welcomed attendees to the meeting.

NERC Antitrust Compliance Guidelines

Ms. Buzzard directed the participants’ attention to the NERC Antitrust Compliance Guidelines included in the agenda, and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Mendonça.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the February 5, 2020 meeting as presented at the meeting.

Board Committees' Self-Assessment Surveys Results

Ms. Mendonça reviewed the results of the Board Committees' Self-Assessment surveys, referencing the material included in the advance agenda package. She noted the responses indicate that the Board committees continue to function effectively and in accordance with their mandates.

Annual Review of Trustee Compensation

Ms. Mendonça noted that the Board is required to review trustee compensation on an annual basis. She described how there is a current compensation review in place through 2021, and that there is no recommended action this year.

Staffing and Recruiting Update

Mr. Epperson provided an update on staff retention and recruiting, referencing the information provided in the advance agenda package. He highlighted prioritizing employee wellbeing in response to COVID-19, and the increased and consistent communication between NERC management and staff. The Committee thanked Mr. Robb and Mr. Hoptroff for their leadership in instituting NERC's business continuity plan.

Adjournment

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

Submitted by,



Sônia Mendonça
Corporate Secretary

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

ERO 2020 Work Plan Priorities Q2 Update

Erika Chanzas, Manager of Business Planning
Corporate Governance and Human Resources Committee Meeting
August 19, 2020

RELIABILITY | RESILIENCE | SECURITY



1. Expand risk-based focus in Standards, Compliance Monitoring, and Enforcement
2. Assess and catalyze steps to mitigate known and emerging risks to reliability and security
3. Build a strong, E-ISAC-based security capability
4. Strengthen engagement across the reliability and security ecosystem in North America
5. Capture effectiveness, efficiency, and continuous improvement opportunities



Priority has been fully achieved



Priority is on track for 2020 completion



Priority is at risk for completion in 2020



Priority at risk for completion in 2020 due to COVID-19 impacts



Priority will not be reached in 2020, primarily due to COVID-19 impacts

- 59 individual work plan priorities approved in February
 - 12 complete 
 - 30 on track for 2020 completion 
 - 10 at risk 
 - 8 due to impacts from COVID-19 
 - 7 will not be reached 
 - All due to the impacts of COVID-19, except for the Align release delay
- Impacts of COVID-19 include travel cancellations, reduced stakeholder capacity, or overall reprioritization of efforts
- 7 priorities added in response to COVID-19 or current events
 - 4 complete 
 - 3 on track for 2020 completion 

Key Objectives

1. Implement strategy for fuel assurance standards (including cold weather) for BPS operations and planning:

Complete the development and submit to FERC a Board approved standard focused on resource availability in the operational time frame

Fuel assurance guideline approved

Identify tools needed for planners to include fuel scenarios, and work with industry to develop them

Identify design basis scenarios for use in the planning horizon

Begin enhancement of NERC's TPL Standards to include fuel scenarios for normal and extreme events (2021–2022)

Status Highlights (Through Q2)



SAR for cold weather posted; extensive stakeholder outreach needed to complete



Approved by PC in March



Included in guideline above



Foundation included in guideline above; additional work with industry needed



Reprioritized due to level of stakeholder engagement required

Key Objectives

2. Complete the recommendations in the Supply Chain report:

Implement the supply chain recommendations, continue to assess their effectiveness and sufficiency, and determine further actions, if any, based on the seriousness and nature of risks

Work with industry and the NATF to develop consistency and certainty in vendor audits

3. Consistently embed internal control activities within the compliance monitoring program

Status Highlights (Through Q2)



SAR posted



Meetings with NATF ongoing



Ongoing activities, including:

- Oversight plan & activities
- Annual CMEP staff training
- Referenced in CMEP Annual & Quarterly reports
- Included in CMEP Practice Guides

Key Objectives

1. Identify performance trends and develop lessons learned, recommendations, and/or implement mitigations:

Protection system misoperations

Reduced situational awareness from loss of EMS

Unacceptable inverter performance

Increased amounts of DER

Reduce potential for the BES initiating wildfires

Develop RSTC-approved work plan to implement EMP Task Force recommendations

Status Highlights (Through Q2)



Included in SOR Report



Included in SOR; EMS WG analysis; conference in Q3



Included in SOR; IRPTF working on guidelines



Included in SOR; SPIDER WG working on guidelines



Coordinating with WECC on preliminary understandings



Work plan in development

Key Objectives

2. Implement two lessons learned and best practices from GridEx V, including improved use and collaboration with SAFNRv3:

Two communication drills between E-ISAC Watch Floor and BPSA

Four drills on developed use cases

3. Identify and assess emerging factors impacting BPS reliability and make mitigation recommendations:

Assess energy adequacy in the 2020 LTRA

Technical assessment on energy storage technologies, applications, and projections

Develop position paper on the ERO's role to ensure BPS reliability with increased DER lower than BES thresholds

Status Highlights (Through Q2)



Two communication drills completed



On physical drill completed; three more planned



Study request letter sent to REs



Storage assessment work ongoing; at risk due to priorities



In process; getting Board input

Key Objectives

3. Identify and assess emerging factors impacting BPS reliability and make mitigation recommendations (cont'd):

Develop data requirements and metrics for quantifying BPS resilience and recovery

Improve models, identify simulation needs, and provide guidance to address reliability considerations from DER penetration

Begin addressing cybersecurity risks in the planning and operational time horizon

Status Highlights (Through Q2)



Internal-only work will likely be completed in 2020



Working on contract with EPRI; completion depends on contract



Stood up BPS and Grid Transformation department; work initiated

Key Objectives

1. Strategy:

Complete Strategic Plan refresh with MEC support

Develop performance management process driven by agreed metrics

2. Information Sharing

Increase overall information sharing by partners and industry through targeted outreach

Expand CRISP participation and capture the DOE “+30” opportunity

Improve coordination and connectivity to Intelligence Community, especially DOE/CESER, DHS/CISA, and DOD/NSA

Effectively activate existing MOU-based relationships (MS ISAC, DNG ISAC, IESO pilot)

Expand Watch Operations to 24x7

Status Highlights (Through Q2)



Approved by MEC; will be presented to the Board in August



Metrics complete and approved by MEC during Q1



Developing specific guidance to promote information sharing



COVID potentially impacting; currently four new CRISP participants; processing DOE +30



COVID impacting; leveraging DOE resources and DHS products



Reprioritizing efforts and timelines due to COVID impacts; some engagement occurring



Complete and operational

Key Objectives

3. Analysis:

Increase member shared joint analytical products developed with partners

Increase member shared content enriched by E-ISAC analysis

Unclassified Threat Workshop survey results (relevant, unique, timely, actionable content)

Implement long-term data platform and demonstrate value-add

3. Engagement:

Expand participation in Industry Engagement Program

Institutionalize Canadian engagement effort and ensure value add across international border

Implement and realize value from new CRM system

Continue to grow GridSecCon and evaluate outsourcing potential for low value added work

Status Highlights (Through Q2)



43 joint analytical products w/partners developed in 2020



14% increase in first half of 2020 as compared to first half of 2019



Deferred due to COVID-19



First release of EDP complete, including member dashboards and metrics canvas



Deferred due to COVID-19



Extensive outreach with CEA and Cyber Centre; IESO adopting feed from CAISS & joining AIS taskforce



Increased user log-ins; Portal to convert to Salesforce platform EOY



Cancelled; RFP issued

Key Objectives

1. Expand outreach/coordinated ERO Enterprise communications with stakeholder/policy organizations:

Enhance existing and establish new relationships with key industry associations and stakeholder organizations

Develop a coordinated approach for NERC's and Regional Entities' outreach to FERC

Leverage Regional Entities for engagement with state entities and organizations

Expand coordinated outreach to Canada related to MOUs as well as regulatory authorities

Gain support for recommendations in NERC's reliability assessments

Status Highlights (Through Q2)



Expanded trades meetings and outreach; increased communications w/ NARUC, Canadian entities & US government partners; EU



Established coordinated calls with FERC; collaboration with FERC on COVID-19 guidance



Developed coordinated RE state outreach proposal



Expanded, regular outreach with Canadian authorities coordinated with REs



NARUC resolution on DER; infographic approach for assessments

Key Objectives

2. Work with ERO Enterprise Communications Group (ERO CG) to refine and further develop the ERO Communication Strategy, to:

Enhance existing and establish new relationships with key industry associations and stakeholder organizations

Amplify initiatives and messages through expanded use of social media

Support the ERO Executive Committee (EC) pledge to develop and share harmonized messaging across the ERO Enterprise

Status Highlights (Through Q2)



Government Communication Working Group calls; related work plan development from Communication Strategy



Coordination across ERO Enterprise to build on social media networks



Finalized Communication Strategy and establishing work plan; talking points; coordinated COVID-19 communications

Key Objectives

3. Plan resource, and execute joint meeting and conferences where possible:

Joint Regional Entity supported Human Performance conference with NATF

Resiliency Summit with NATF and EPRI

Storage and Frequency Response with NAGF

Regional Entity focused Supply Chain and Facility Rating conferences and best practices with NATF

4. Support corollary activities within industry and trades, e.g., U.S. DOE's North American Energy Resilience Model (NAERM), IEEE Standard 2800

Status Highlights (Through Q2)



September conference rescheduled for March



Cancelled; exploring options



Cancelled; exploring options



Planning webinars



Collaboration efforts ongoing, including meeting participation, data gathering, and model validation

Key Objectives

1. Complete the “Big 3”:

Roll out Align Release 1.0, supported by stakeholder outreach and education, end use training, and business unit readiness activities

Complete the CIP and Phase II of the O&P Standards Efficiency Reviews

Successful implementation of the RSTC

2. ERO Enterprise Biennial Effectiveness Survey:

Implement plans addressing key 2018 findings

Rethink the biennial survey working with the CCC

Status Highlights (Through Q2)



Delayed until 2021, primarily due to coordination with Secure Evidence Locker



In progress



RSTC established and first meetings completed



Action plans established in 2019 and incorporated into work plans; many activities completed, others ongoing



Proposed to discontinue, allowing for more targeted, individual program outreach

Key Objectives

3. NERC:

Finish 2020 at or below budget and maintain at least \$3M in operating reserves

4. Regional Entities:

With Regional Entity and stakeholder feedback, continue evaluation of compliance monitoring and enforcement processes for efficiency

Implement opportunities to centralize and/or standardize processes

5. Transformation achieves process alignment and shared resources

Status Highlights (Through Q2)

Q2 end of year projections show NERC under budget by \$3.4M, with \$7.6M in reserves

Ongoing activities, including:

- Align & SEL development
- ROP revisions
- Potential non-compliance manual
- CCC working on methods for gathering feedback
- Enterprise-wide agreements for IT tools (Webex, OnSolve)
- External communications coordination
- ERO Enterprise Leadership webinar; working group charter updates



Key Objectives

Focus Area 2:

Publish Level 2 Alert on Pandemic Mitigation

Pandemic Preparedness and Operational Assessment, Winter and Spring 2020

After action review and update report “Enhance Severe Impact Resilience” and HILF reports related to pandemic response and mitigation

In coordination with NATF, DOE, and FERC, deliver Pandemic Plans and best practices

Publish Lessons Learned & event report as needed

Focus Area 5:

After action review and improve NERC's Business Continuity and Crisis Action Plans

Status Highlights (Through Q2)



Published on website



Published on website



In progress; reviewing outcomes and lessons learned



Published on NATF website



In progress; reviewing outcomes and lessons learned



Crisis Action Plan updated; reviewing audit of the Business Continuity Plan

Key Objectives

Focus Area 2:

Publish Level 2 Alert for extent of condition for certain Chinese and Russian made equipment

Status Highlights (Through Q2)



Published on website



Questions and Answers

Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey and Board Committee Self-Assessments

Action

Review

Summary

NERC management has prepared the attached draft of the assessment for the annual Board self-assessment and the MRC assessment for Committee review. The proposed survey is divided into four sections:

- Overall Effectiveness
- Strategy
- Oversight
- Stakeholder Relations and Board Functioning

The questions and answers within each section were amended in 2018 to aid in more meaningful year over year analytics, direction, and areas of improvement for the Board.

Management recommends that the Committee provide any comments, with the goal of approving the final assessment at the November 2020 Committee meeting, which will allow for a prompt release of the assessment after the November meeting.

DRAFT

Board of Trustees/Member Representatives Committee Assessment Questions

Thank you for taking this assessment of the NERC Board of Trustees. The questions should take about 10 minutes to complete.

Note: The questions are divided into four sections:

- Overall Effectiveness
- Strategy
- Oversight
- Stakeholder Relations and Board Functioning

I. Overall Effectiveness

- 1. Overall, how effective is the Board of Trustees at performing their responsibilities?**
 - a. Very effective
 - b. Effective
 - c. Neither Effective nor ineffective
 - d. Ineffective
 - e. Very ineffective
 - f. Uncertain

- 2. [Board only] Overall, how satisfied are you personally with the job you do working on the Board of Trustees?**
 - a. Very satisfied
 - b. Satisfied
 - c. Neither Satisfied nor Dissatisfied
 - d. Dissatisfied
 - e. Very dissatisfied
 - f. Uncertain

- 3. What are the Board of Trustees' MOST important functions at NERC? (Select No More Than 3)**
 - a. Setting company and management priorities
 - b. Guiding and approving the development of annual budgets and business plans
 - c.
 - d. Providing vision for the future
 - e. Ensuring adherence to NERC's mission, vision and values
 - f. Overseeing NERC management
 - g. Approving NERC's Senior Management and Officer Hires

- h. Uncertain
- i. Other (please specify)

4. Comments on Board of Trustees Overall Effectiveness

II. Strategy

1. Please rate the Board’s effectiveness in overseeing NERC Management or staff to produce a final annual budget and business plan.

- a. Very effective
- b. Effective
- c. Neither effective nor ineffective
- d. Ineffective
- e. Very ineffective
- f. Uncertain/Not applicable

2. Please rate how effective the Board of Trustees is at each of their following functions? [Very effective, Effective, Neither effective nor ineffective, Ineffective, Very ineffective, Uncertain/Not applicable]

- a. Staying in tune with issues and trends affecting NERC and the industry
- b. Setting company priorities
- c. Providing leadership
- d. Incorporating the international charter of the North American bulk power system

3. How satisfied are you with how the board incorporates advice and/or recommendations from the MRC?

- a. Very satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Very dissatisfied
- f. Uncertain/Not applicable

4. Comments on Strategy

III. Oversight

1. Please rate the **amount of involvement** the Board has in each of the following: *[Too much, About the right amount, Too little, Uncertain]*
 - a. ERO Enterprise's (NERC and the Regional Entities) annual business planning and budgeting process
 - b. Day-to-day management by NERC's CEO
2. Rate the Board's effectiveness at **monitoring** each of the following: *[Very effective, Effective, Neither effective nor ineffective, Ineffective, Very ineffective, Uncertain/Not applicable]*
 - a. Efficiency (cost effectiveness) of ERO Enterprise processes
 - b. Standards Development
 - c. Compliance Monitoring and Enforcement
 - d. Assessments
 - e. E-ISAC

3. Comments on Board Oversight

IV. Stakeholder Relations and Board Functioning

1. Please indicate your agreement or disagreement with each of the following statements about **stakeholder relations**. *[Strongly agree, Agree, Neither agree nor disagree, Disagree, Strongly disagree, Uncertain]*
 - a. The Board listens to input from the MRC.
 - b. The Board listens to input from NERC management.
 - c. The Board listens to input from Regional Entities
 - d. The Board works effectively with management.
 - e. The Board maintains a positive working relationship with Federal regulators.
 - f. The Board maintains a positive working relationship with State regulators.
 - g. The Board maintains a positive working relationship with Canadian federal and provincial regulators.
2. **[Board only]** Please indicate your agreement or disagreement with each of the following statements **board functioning**. *[Strongly agree, Agree, Neither agree nor disagree, Disagree, Strongly disagree, Uncertain]*
 - a. Board meetings are efficient.
 - b. Board meetings are an effective use of my time.
 - c. The frequency of Board meetings is appropriate.
 - d. Board members communicate effectively with each other.

- e. The Board has established procedures to ensure meetings are able to be run effectively, including delivery of agendas and appropriate background material in time to prepare in advance of meetings.

3. Comments on Stakeholder Relations Board Functioning

Final Comments/Suggestions/Requests

Thank you for taking part in this important assessment.

Human Resources and Staffing Update

Action

Review

Background

COVID-19 created an unusual opportunity for NERC to strengthen the processes by which we attract, retain, and engage employees by enhancing services to focus on clear, routine company communication, employee wellbeing and investments in productivity and management tools.

With this temporary shift to a virtual work environment, the company has been deliberate in keeping focus on culture transformation as a way to ensure staff loyalty and engagement. The Diversity and Inclusion (D&I) team recently hosted two all staff town halls to layout NERC's aspirations. The first was designed to learn employee views of a successful program, and the second to deliver the same implicit bias training the Executive Team received in June. As a part of the D&I initiative, work teams are in the process of developing several employee resource groups, which will promote diversity, openness, understanding, and inclusiveness. Strides have also been made in performance management, with a revised mid-year process that's more continuous and focuses on employee-wellbeing and tools needed to remain productive and continue to grow and develop. With the need for managers to lead virtually, additional best practices training for managing remote teams is underway, and HR continues to monitor staff closely for opportunities to improve virtual team dynamics.

Reevaluations of staff needs and how to best support the business creates an opportunity to reconsider the future of HR. Over the remainder of 2020, HR will develop and partner with the Executive Team to finalize a five-year vision with key milestones and metrics that support NERC's "invented future."