

Agenda

Member Representatives Committee Pre-Meeting Informational Session Conference Call and Webinar

July 19, 2019 | 11:00 a.m. – 12:00 p.m. Eastern

Dial-in: 1-800-263-0877 | Conference ID: 8390027

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Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. Preliminary Agenda Topics for the August 2019 Board, Board Committees, and MRC Meetings*
2. Overview of Policy Input Letter
 - a. Proposal for Restructuring NERC Technical Committees*

*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.

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Member Representatives Committee (MRC)

Pre-Meeting and Informational Webinar
July 19, 2019

RELIABILITY | ACCOUNTABILITY



- 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

Schedule of Quarterly NERC Meetings and Conference Calls

Wednesday, August 14, 2019	
7:30-9:00 a.m.	Public Breakfast
9:15-10:00 a.m.	Finance and Audit Committee Meeting— <u>Open</u>
10:15–11:00 a.m.	Corporate Governance and Human Resources Committee Meeting— <u>Open</u>
11:15 a.m.–12:00 p.m.	Technology and Security Committee — <u>Open</u>
12:00 p.m.–1:00 p.m.	Lunch
1:00–5:00 p.m.	Member Representatives Committee Meeting— <u>Open</u>
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— <u>Open</u>

**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

- 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

- 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

- 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

Proposal for Restructuring NERC Technical Committees

Summary

The Stakeholder Engagement Team (SET) recommends creation of a Reliability and Security Council (RSC). This option creates a new formal oversight committee that combines the experience of the technical committees (Operating, Planning, and Critical Infrastructure Protection Committees). The newly created RSC will direct and oversee the output of the existing subcommittees, working groups, and task forces, and report to the NERC Board of Trustees (Board). Further, it eliminates addressing risks in a “silo” approach for issues that overlap and handled in a piece-meal fashion in the current technical committee model and increases the 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 continue their work until the RSC has an opportunity to complete its analysis of all ongoing activities and priorities.

There are several potential effectiveness and efficiency benefits from the recommended model. For example, the RSC supports the Board by providing:

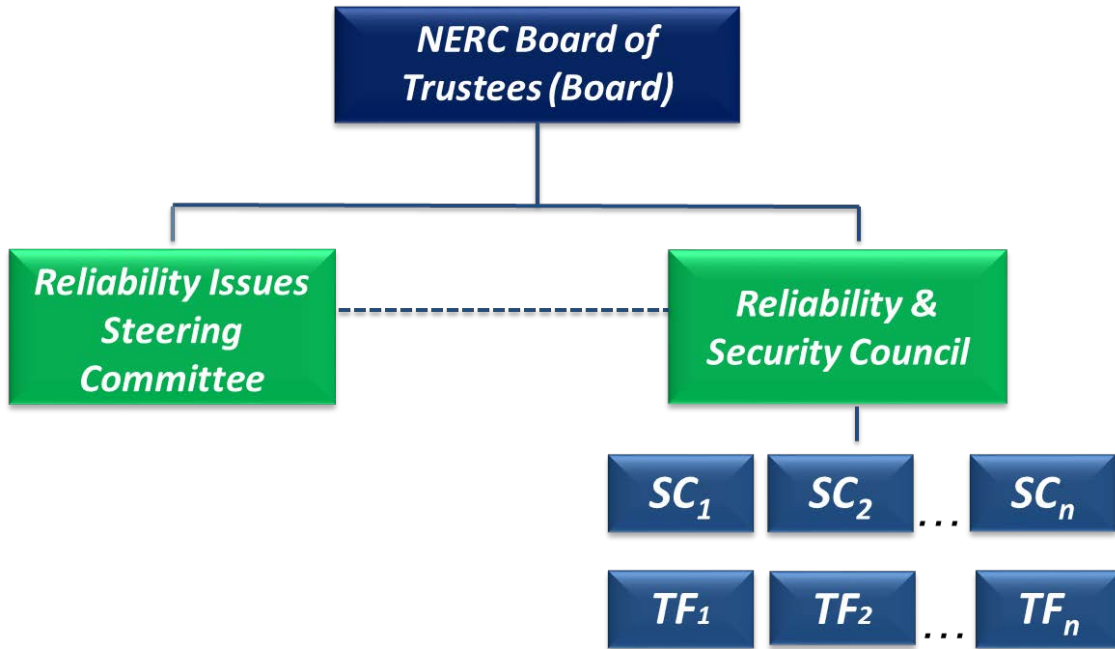
1. End-to-end approaches for technical solutions to mitigate existing and emerging risks to reliability
2. A single point of contact (rather than the three existing points of contact) between the technical committees and the Board. This leads to better communication between the technical work of the RSC and the Member Representatives Committee (MRC) as well as the Board
3. Efficiencies from streamlining the operation of the three technical committees into one Council.

The resulting model supports the ERO and NERC Board with two leadership bodies and provides functional alignment between the risk priorities and mitigation activities and the technical work to address those risks:

1. Advising on emerging risks, prioritizing them and identifying impactful mitigation activities (RISC)
2. Overseeing the implementation of those tactical prioritizations through work plans, as well as advising on the reliability and security of the bulk power system through reliability assessments and performance analysis to identify and address any unexpected new and emerging risks (RSC).

The RSC will be a technical council that, in conjunction with NERC management, initiates and oversees the development of technical assessments and analysis that 1) support the analytical assessment function of the ERO; and 2) provide products that can be used by industry to mitigate risks to the bulk power system.

The graphic below provides the relationship among RISC, RSC, and the NERC Board:



Recommended Participation Model

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 12¹. Overall selection of members will consider Regional Entity area diversity, subject matter expertise (Planning, Operating or Security) organizational type (Cooperatives, Investor Owned Utilities, Public Power, etc.) and country (Canada, Mexico and US). At-Large representation will be used to fulfill a complete overall balanced representation and expertise on the RSC.

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

Additional Non-Voting Members ²	
Non-Voting Member	Number of Members
NERC Secretary	1
United States Federal Government	2
Canadian Federal Government	1
Provincial Government	1
Total	5

¹ 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 are encouraged to participate as RSC non-voting participants.

² Mexican Government representation considered once they have joined NERC.

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 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 collaborate to provide strategic oversight of multi-disciplinary and cross-organizational initiatives to ensure that the work products achieve the ERO's strategic objectives, enhance NERC's critical functions, and collectively address planning, operating and security objectives. The RSC primarily oversees development and implementation of risk mitigating technical solutions through the work of the subcommittees and/or special purpose task forces.

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 nominated based on the qualifications established in the Membership Qualifications section 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 Regional Entity's area.
- 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 between the 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 a particular organization, including its affiliates, may not have more than one member on the RSC. Regional Entity employees are not eligible to be at-large representatives.

Implementation Plan

The first meeting of the RSC will be early 2020. The existing technical committees would be dissolved in early 2020 with the formation of the RSC. A detailed Implementation/Transition Plan will be developed after the SET receives Policy Input from the MRC and further consideration by the Board of Trustees at its August meeting. The projected timetable is to approve the RSC and associated implementation plan at the November 2019 meeting of the Board of Trustees.

Attachments

1. Reliability and Security Council Proposal, July 11, 2019 (Draft)

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NORTH AMERICAN ELECTRIC
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Reliability and Security Council Proposal

July 11, 2019

RELIABILITY | ACCOUNTABILITY



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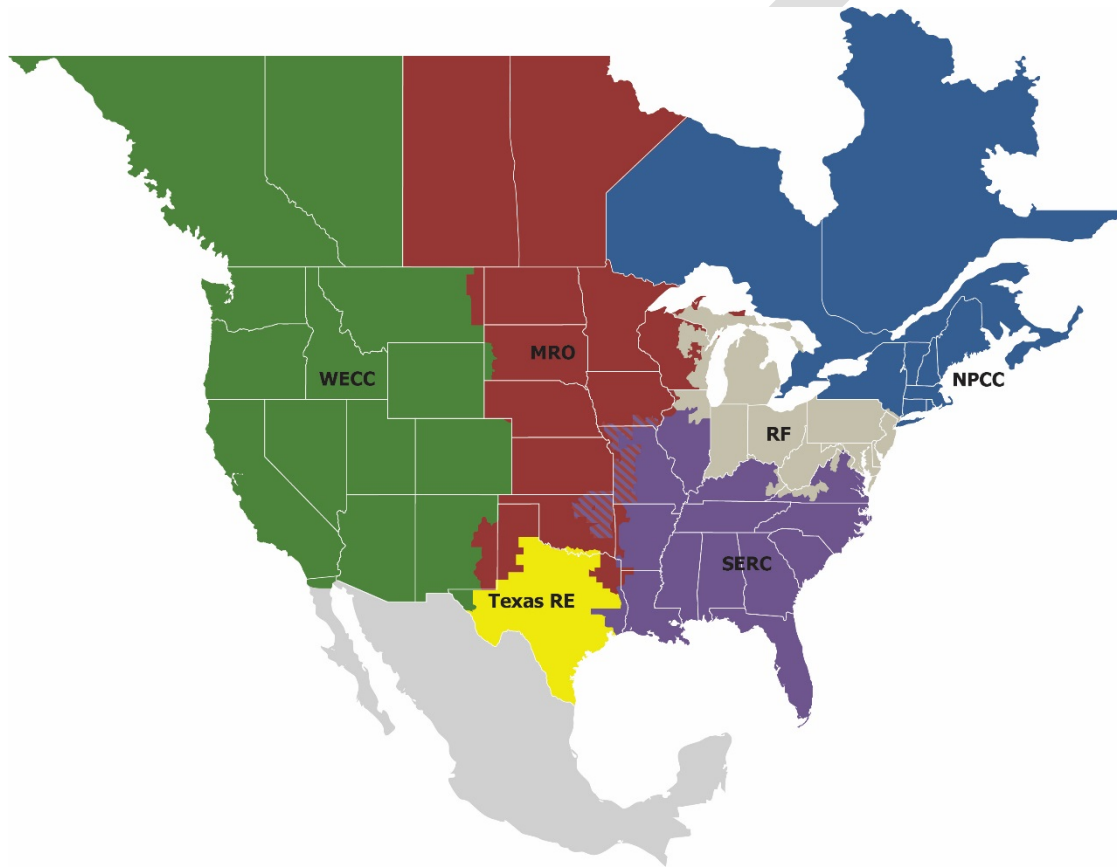
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Preface

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.

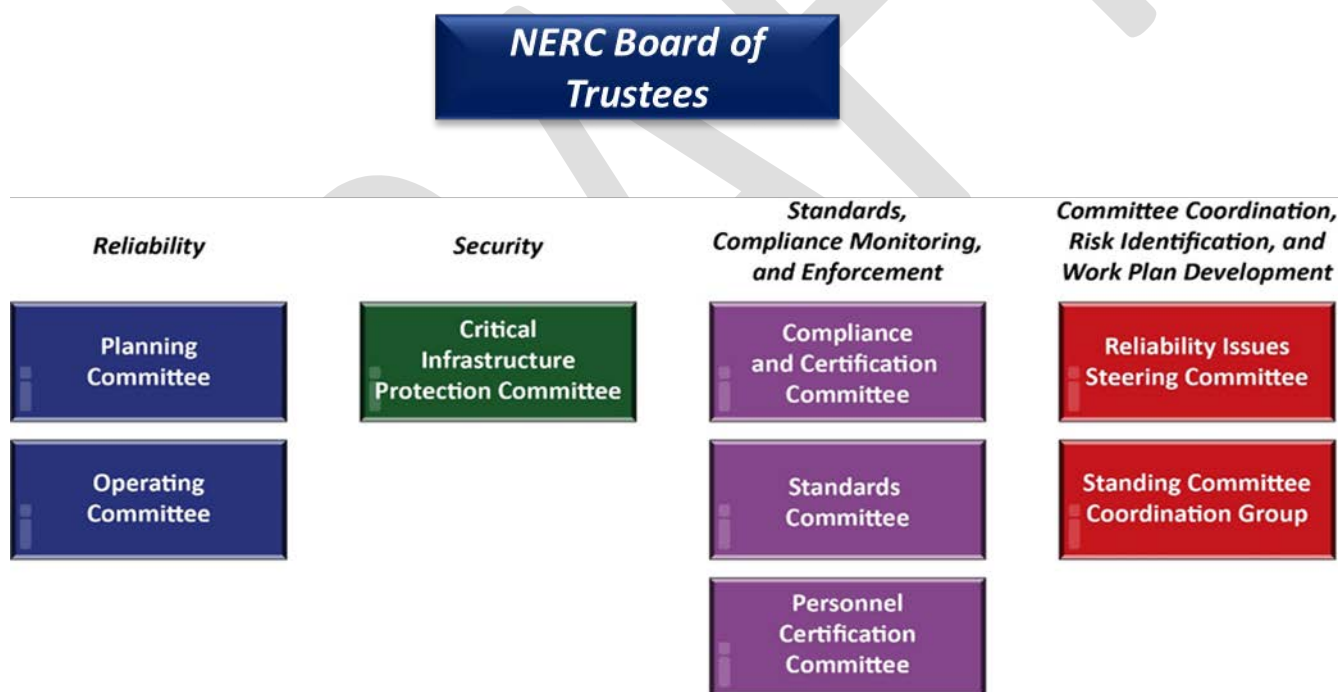
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Chapter 1: Stakeholder Engagement Team Recommendation Development Process

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

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

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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:

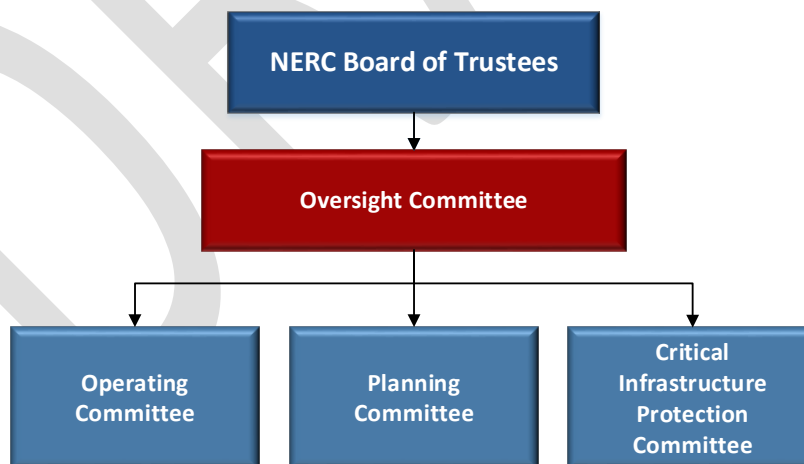
1. Technical committee participation is generally based on sectors (OC/PC) or Regional nomination (CIPC). As more focused technical expertise is usually required to develop detailed solutions, most of the work is now performed at the subcommittee, working group, and task force level – not at the committee 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 1a²: 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

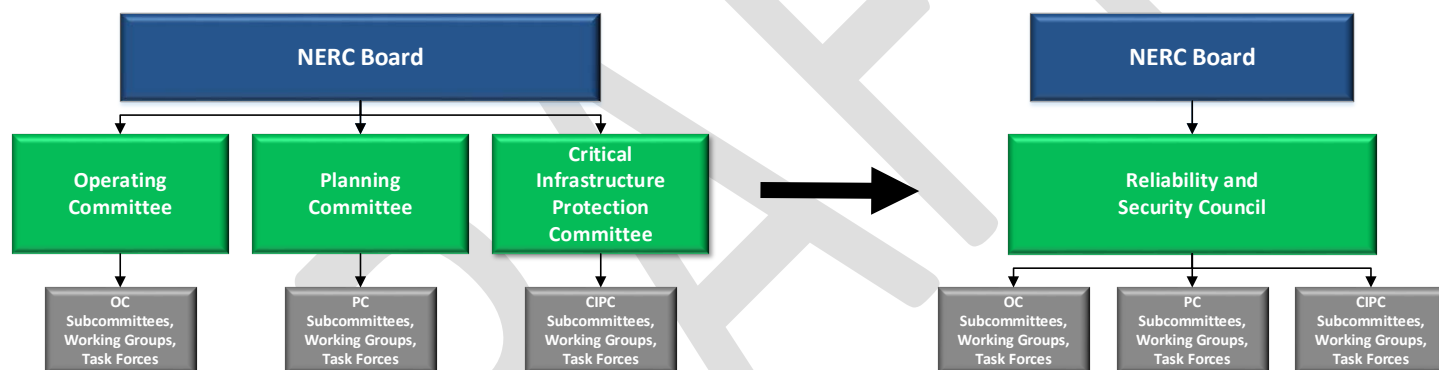
² The SET analyzed three options for the creation of an Oversight Committee and recommends Alternative 1a. The other options considered were Alternative 1b: Charter the SCCG with organizational reporting to RISC and Alternative 1c: Delegate functions to RISC. Option 1a was selected because it provided 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 2³: 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.

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

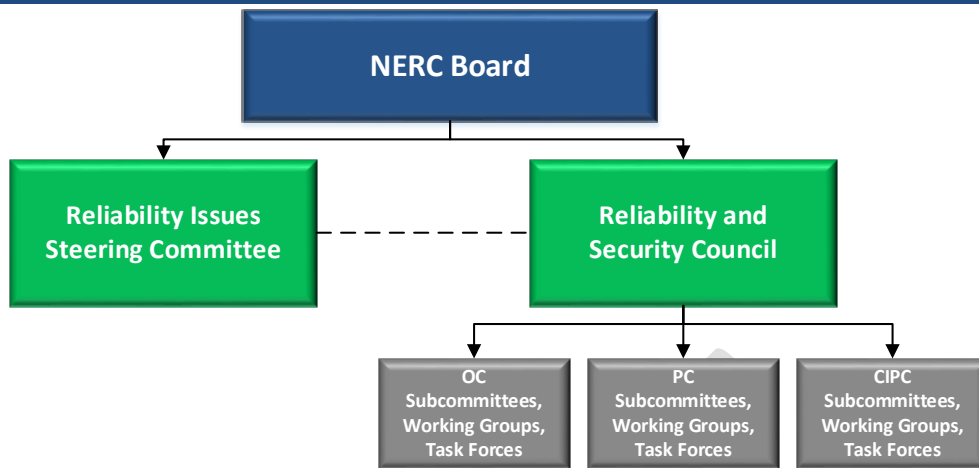
There are several potential effectiveness and efficiency benefits from Option 2, compared to both the status quo and Option 1. For example, Option 2 provides:

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

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](#).

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11. **Additional Activities and Outreach** – Opportunities to share lessons learned, information sharing 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.

Name	Voting Members
Sectors 1-10 and 12	11
At-Large	20
Chair and Vice Chair	2
Total	33

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.

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.

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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 Craig	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 B.1: Existing Participation Models			
	RISC	CIPC	OC/PC
	Pool of Experts	Regional Entity Representation	Balanced Sectors
Member Composition	<p>6 – Stakeholder based</p> <ul style="list-style-type: none"> • 4 – MRC • 2 – At-Large <p>5 – Committee based</p> <ul style="list-style-type: none"> • 1 – from each of the standing committees (OC/PC/CIPC/CCC/SC) 	<p>32 Voting Members</p> <ul style="list-style-type: none"> • 24 – registered entities (3 from each Regional Entity) • 2 – Canada • 2 – Policy Experts • 2 – APPA • 2 – NRECA 	<p>29 Voting Members</p> <ul style="list-style-type: none"> • 27 – Sectors 1-12⁹ • 2 – Chair and Vice Chair
Selecting Body	<p>Stakeholder Based Nominating Committee (chaired by the MRC Vice-Chair) presents a recommended slate of candidates to the Board.</p> <p>Committee Based Board appointed</p>	<p>Self-nomination from groups identified above</p> <p>Subject to removal by Executive Committee</p>	<p>Candidates are elected by the registered NERC Members in Sectors 1-10 and 12.</p> <p>Members in Sector 11 are appointed by the Regional Entity.</p>
Criteria	<p>Geographic and International diversity, such that Eastern, Western, and Texas Interconnections, along with Canada are represented on the RISC;</p> <p>Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity;</p> <p>High-level understanding and perspective on reliability risks;</p> <p>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.</p>	<p>Each RE’s voting members must collectively have expertise in physical security, cyber security and operations</p>	<p>Investor-Owned Utility</p> <p>State/Municipality</p> <p>Cooperative Utility</p> <p>Federal or Provincial Utility / Federal Power Marketing Administration</p> <p>Transmission Dependent Utility</p> <p>Merchant Electricity Generator</p> <p>Electricity Marketer</p> <p>Large End-User Electricity Customer</p> <p>Small End-User Electricity Customer</p> <p>Independent System Operator / Regional Transmission Organization</p>

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.

Appendix B: Existing Participation Models

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

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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

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Stakeholder Engagement Update

Greg Ford, MRC Chair
MRC Informational Session
July 19, 2019

RELIABILITY | ACCOUNTABILITY

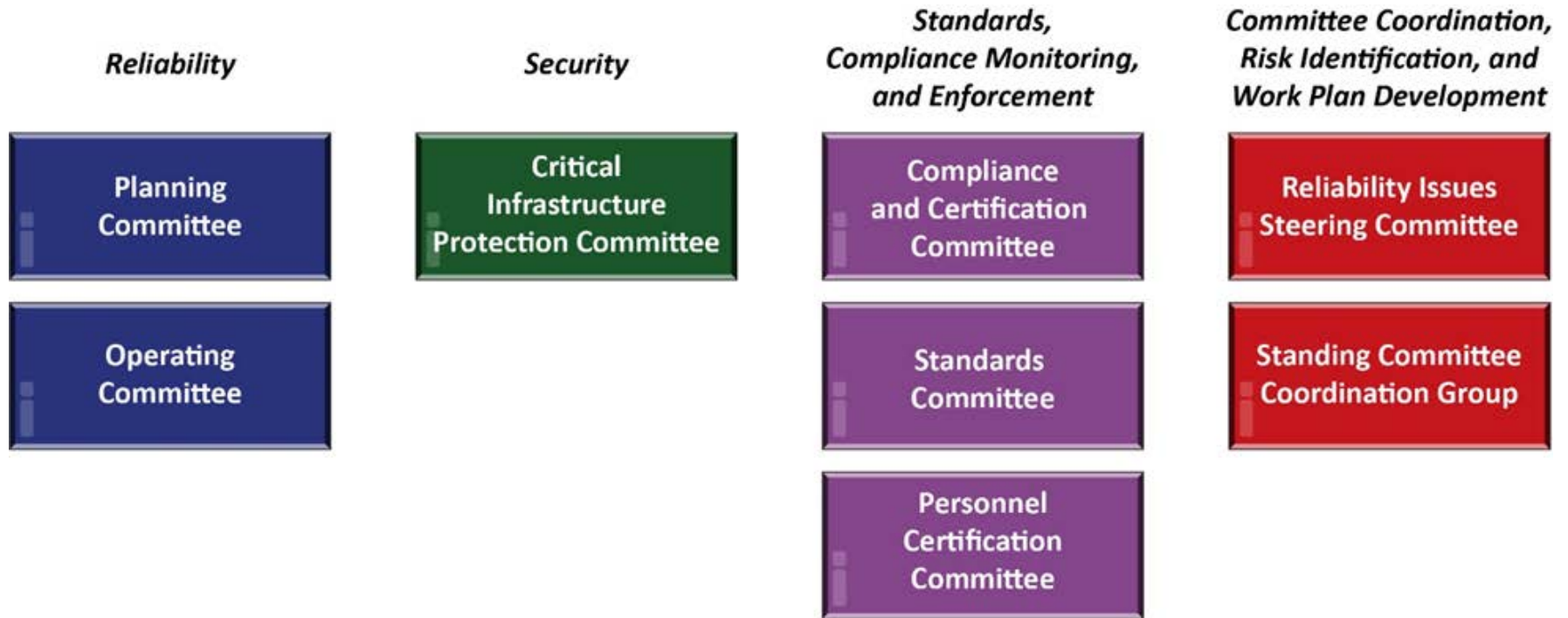


- Based on stakeholder input, the NERC Board of Trustees (Board), established the ERO Effectiveness and Efficiency initiative.
- Objectives
 - Enhance ERO effectiveness in executing its statutory functions, recognizing the value of industry expertise
 - Improve the efficiency of ERO operations and use of stakeholder resources
- A stakeholder engagement team (SET) was established in December, 2018 to review the technical committee (Operating, Planning and Critical Infrastructure) structures and activities towards improving use of industry resources.

- Participants in the evaluation process include:
 - Technical Committee Chairs: Operating (OC), Planning (PC), and Critical Infrastructure Protection (CIPC)
 - MRC Chair, Vice Chair, and Past Chair
 - MRC representatives
 - Industry stakeholders
 - NERC Board representatives
 - NERC and Regional Entity (RE) staff

- The SET performed four steps in its review leveraging NERC's Strategic Plan, Operating Plan, and RISC Report
 - Examined all RE experiences with committee restructuring
 - Verified the parameters surrounding governance of the technical committees, as outlined in the NERC Rules of Procedure and Bylaws, Federal Power Act, and federal regulations
 - Reviewed common responsibilities, work flow, and current levels of coordination across the technical committees based on their work plans and deliverables
 - Surveyed current committee members for their input about the existing committee structure and potential replacement structures
- Organizational structure options reviewed & recommendations for next steps developed

Current NERC Stakeholder Committees



- The current model has been in place for over 10 years
 - Model is expensive and time consuming for NERC members
 - The ERO Enterprise has matured
 - Several REs have had success enhancing their committee models
- Changing industry model
 - Advances in new and unfamiliar technologies (e.g., inverters, batteries)
 - Risk profiles changing (e.g., fuel assurance, ERS preservation with resource mix changes)
- Committee “silos” blurring
 - Committees activities increasingly overlap
 - New technology requires cross-cutting rethinking of many utility paradigms

- Is there a different structure to:
 - 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 committees
 - Achieve a higher level of industry participation (effectiveness) and more cost-effectively leverage subject matter expertise (efficiency)

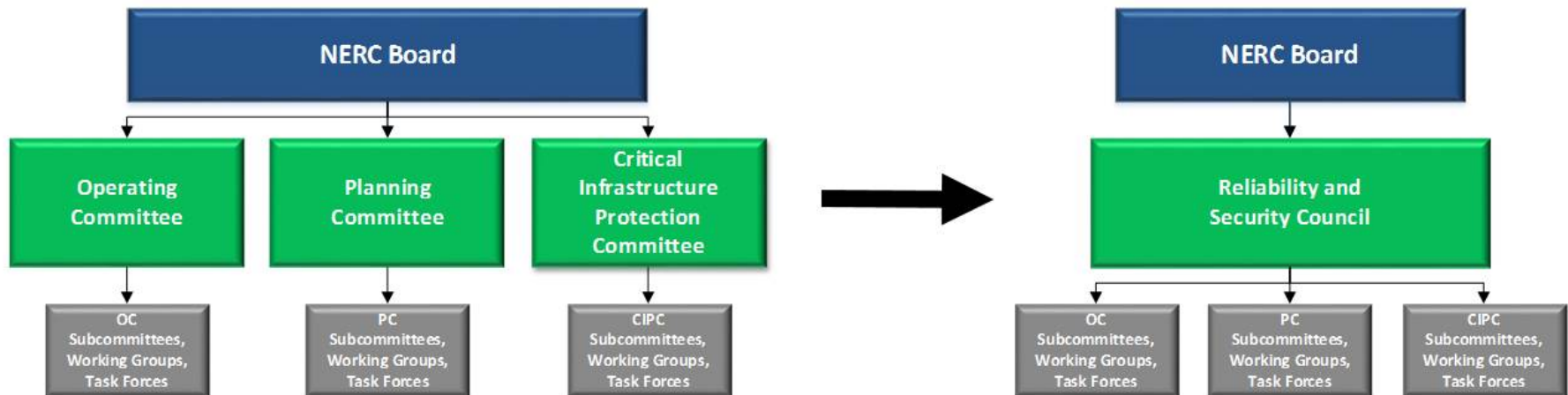
The right people working on the right issues

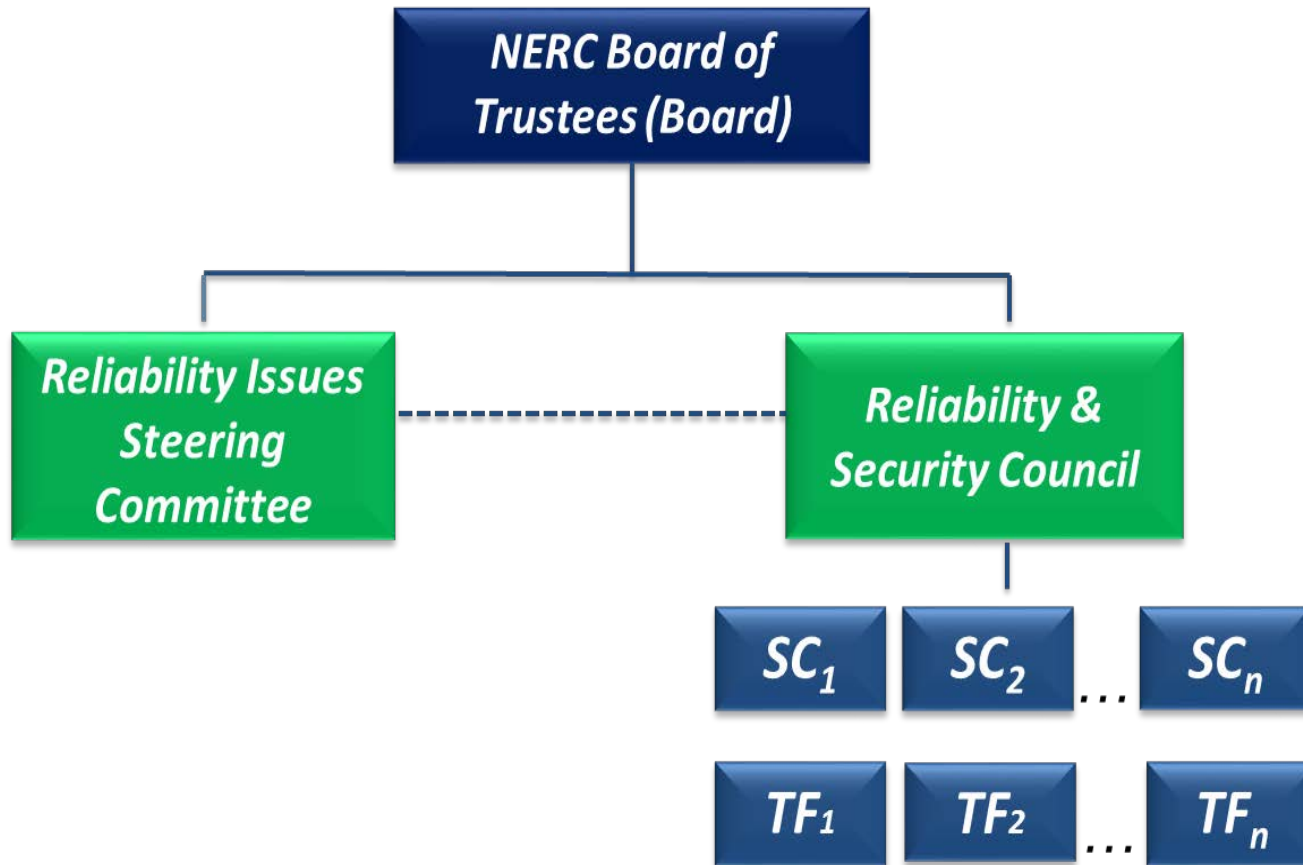
- We pivot quickly and refocus resources rapidly
 - We are in an ever changing world and the pace of change is accelerating
 - Agile teams need to be readily deployed to address emerging issues
- We bring multi-disciplined teams together to develop “complete” solutions
- We leverage scarce talent to solve problems and maximize our return
- We work collaboratively to solve problems efficiently while eliminating silos and redundancies
- Our committees need the ability to support standards and compliance
 - Address risks that are inevitable.
 - Standards or guidelines may be needed

- All activities of the OC/PC/CIPC reviewed, with the following conclusions:
 - Technical committee participation is based on sectors (OC/PC) or Regional nomination (CIPC). Most of the work completed by the subcommittees, working groups, and task forces
 - Technical committee activities focused on work plan development, evaluation, and execution by the subgroups that report to them
 - Subgroup report-outs are occurring on a quarterly basis at the technical committee meetings
 - Some subcommittees have ongoing recurring deliverables while others are more ad hoc task oriented
 - Some reliability risk issues are being addressed in several subcommittees, leading to uncoordinated results and less end-to-end solutions.

- Need to ensure work plans are coordinated and for more end-to-end solution development for reliability/security risks.
- Five different potential models developed, narrowed down to two options:
 - **Option 1:** Retain existing technical committee structure and create an oversight committee which coordinates and directs their work
 - **Option 2:** Replace OC, PC, and CIPC with a Reliability and Security Council (RSC) that reports to the Board

- Replace OC, PC, and CIPC with the RSC
- Retain existing subcommittees, working groups, and task forces
- Will evaluate work products of subcommittees, working groups, and task forces and eliminate or combine those without recurring responsibilities





- Improved effectiveness of communication to inform the RSC work with input from the Board and MRC
- Enhanced functional alignment between RISC priorities and mitigations, and the RSC directed technical work
- Efficiencies from streamlining the operation of the three existing technical committees into one council
 - Efficiencies gained by streamlining the operation of the three existing technical committees into one council
 - Replacing the OC, PC, and CIPC with the RSC will provide efficiencies in terms of both NERC and industry support, along with hotel/travel costs

- Development of end-to-end technical solutions to mitigate existing and emerging risks to reliability
 - Determine best approach to a prioritize and address risks and potential mitigating strategies
 - Employ risk issue-specific task forces with well-defined deliverables, structured to examine planning, operational and security aspects of risks
 - Examples of past issues were solutions dealt with in holistic way include Essential Reliability Services, Distributed Energy Resources, and inverters.
 - Future issues may include, for example, storage.
- RSC will also direct subgroups producing recurring deliverables (reliability assessments, state of reliability report, etc.)

- Membership proposed to be a hybrid model composed of Sector, At-Large, and Non-Voting members
 - Sector representation: one member each for Sectors 1-10, and 12.
 - 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, etc.)
 - Country (Canada, Mexico, and US)
 - At-Large representation will be used to provide overall balanced representation and expertise on the RSC
 - 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."

- Proposed Sector-based and At-Large representation

Name	Voting Members
Sectors 1-10, and 12	11
At Large	20
Chair and Vice Chair	2
Total	33

- Additional Non-Voting Members

Non-Voting Member	Number of Members
NERC Secretary	1
U.S. Federal Government	2
Canadian Federal Government	1
Provincial Government	1
Total	5

- Membership criteria will be defined in the participation model presented to the Board in November 2019 for approval
- Assuming Board approval, a nomination period would be opened in November 2019 and members appointed in January 2020
- The first meeting of the RSC would be March 2020
- The existing technical committees would be unwound in early 2020 with the formation of the RSC

- MRC Informational Policy Input webinar on July 19, 2019
- Industry webinar on August 8, 2019
- Proposal presented to the MRC at August 14, 2019 meeting
- Council structure, participation model, and implementation plan will be refined based on MRC and industry feedback
- The final recommendation will be presented to the Board at their November 6, 2019 meeting seeking Board approval



Questions and Answers