Agenda
Member Representatives Committee
February 6, 2013 | 1:00-5:00 p.m. Pacific

Hotel del Coronado
1500 Orange Avenue
Coronado, CA 92118
800-468-3533

Introductions and Chair’s Remarks

NERC Antitrust Compliance Guidelines and Public Meeting Notice

Consent Agenda
1. Minutes* — Approve
   a. January 16, 2013 Conference Call
   b. November 6, 2012 Meeting
2. Future Meetings* — Review
3. Election — Board of Trustees — Approve

Regular Agenda
4. Remarks from Gerry Cauley, NERC President and CEO
5. ERO Enterprise Strategic Planning and Corporate Goals* — Update
6. Status Reports on Policy Initiatives* — Information
   a. ERO Scope
      i. ERO Scope Input Group
   b. Reliability Assurance Initiative
   c. Standards Process Reform
      i. Standards Committee Strategic Plan and Strategic Work Plan
      ii. Standards Committee Charter
      iii. Standard Processes Manual Changes
7. Special Report and Policy Input for Paragraph 81 Phase 2* - Discussion
   a. COM-003-1 – Operating Personnel Communications Protocols
   b. Bulk Electric System (BES) Definition
      i. Implementation of Approved Definition
ii. Status of Phase 2
   c. BAL-012-1—Operating Reserve Policy
   d. Geomagnetic Disturbance — Status and Path Forward

9. **Reliability Issues Steering Committee Update** — Information

10. **Future Agenda Topics for 2013** — Review

11. **Regulatory Update*** — Information

*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.
Chair Scott Helyer convened a duly-noticed open meeting by conference call and webinar of the North American Electric Reliability Corporation’s Member Representatives Committee (MRC) on January 16, 2013 at 11:00 a.m. Eastern. The meeting provided the MRC and other stakeholders an opportunity to preview proposed agenda topics for the MRC, Board of Trustees (Board) and Board Committee meetings scheduled to be held February 6-7, 2013 in San Diego, California. During the meeting NERC staff also provided informational updates on ERO initiatives that are not scheduled to be discussed in San Diego. The meeting announcement, agenda, and list of attendees are attached as Exhibits A, B, and C, respectively. MRC attendance/roll call and quorum determination was not necessary since no actions were planned to be taken.

NERC Antitrust Compliance Guidelines and Public Meeting Notice
Holly Mann, committee secretary, directed the participants’ attention to the NERC Antitrust Compliance Guidelines and the public meeting notice included in the agenda.

Review of Proposed MRC Agenda Items for February 6, 2013
Mr. Helyer reviewed the preliminary MRC agenda items, via a slide presentation, for the upcoming February 6 meeting in San Diego (Exhibit D), including: Election of the Board of Trustees (Board) for the class of 2016; discussion of the ERO Enterprise strategic planning and corporate goals for 2014-16; the status of the standards process reform; the reliability assurance initiative and ERO scope initiative; and an update from the Reliability Issues Steering Committee (RISC). Additional discussion of the following select standards projects will also be shared during the February 6 meeting:

- COM-003-1 – Operating personnel communications protocols
- Bulk Electric System (BES) definition
- Balancing Authority Reliability-based Control (BARC - BAL-012)
- Geomagnetic disturbances
- Paragraph 81

Review of Proposed Board of Trustees and Board Committees’ Meeting Agenda Items
Mr. Helyer reviewed the preliminary agenda items, via a slide presentation, for the Board and Board Committee meetings scheduled for February 6-7 in San Diego (Exhibit D). He encouraged MRC members to review all agenda materials for the Board and Board committee meetings, once
available, and attend as many of these meetings as possible, in advance of the MRC’s meeting on February 6.

**Schedule of Events for Upcoming Meetings**
The draft schedule of events for the upcoming meetings in San Diego was included in the agenda package for this call.

**Informational Updates**
NERC staff provided timely updates on the following topics: development of NERC’s Section 215 criteria, how the ERO event analysis process is used to identify emerging threats to reliability and share information industry-wide; the ongoing remediation activities from the 2011 Southwest outage event; the preparations underway for the ERO’s five-year performance assessment; and the summary of the first annual reliability issues information sharing conference held on November 28, 2012. Mr. Helyer reminded the MRC that not all of these topics will be discussed or readdressed during the upcoming meetings in San Diego.

**Policy Input**
Mr. Helyer reminded the MRC of the Board Chair’s January 10 request to provide policy input to the Board on selected issues, including: sufficiency of the standards reform efforts underway; the path forward for development of and compliance with standards related to communications protocols; response to the reliability assurance initiative; feedback on the proposed ERO three-year strategic planning and the application of the draft Section 215 criteria; and the implementation of the revised definition of bulk electric system. Policy input is due by January 30 to Ms. Mann.

**Proxy Reminder**
Mr. Helyer reminded MRC members that proxy notifications for the February 6 meeting must be submitted in writing to Holly Mann, MRC secretary. *It is particularly important for this upcoming meeting to have a quorum present for the election of Board members.*

**New Member Orientation**
Mr. Helyer announced that an orientation session will be available for new and returning member representatives at 7:30 a.m. local time on February 6 in San Diego.

**Meeting Adjourned**
There being no further business, the call was terminated at 12:15 p.m. Eastern.

Submitted by,

Holly Mann
Committee Secretary
Chair Scott Helyer called to order the North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) meeting on November 6, 2012 at 1:00 p.m., Central. The meeting announcement, agenda, and list of attendees are attached as Exhibits A, B, and C, respectively.

**NERC Antitrust Compliance Guidelines and Public Meeting Notice**
Mr. Helyer called attention to the NERC antitrust compliance guidelines and the public meeting notice, indicating that any questions regarding these guidelines or notice should be addressed to NERC’s General Counsel, Charles Berardesco.

**Introductions and Chair’s Remarks**
Mr. Helyer declared a quorum present with the following recognized proxies:

- Barry Lawson for Eric Baker and Mike Smith – Cooperative Utility
- Bill Gallagher for Terry Huval - Transmission Dependent Utility
- Ben Li for Paul Murphy – ISO/RTO
- Tom Bowe for Terry Boston – ISO/RTO
- Tom Gianneschi for Michelle D’Antuono – Large End-Use Electricity Customer
- Sylvain Clermont for Lorne Midford – Federal/Provincial
- Gilbert Neveu for Jean-Paul Théorêt – Canadian Provincial (non-voting)
- Stacy Dochoda for Gordon Gillette – Regional Entity - FRCC (non-voting)

Mr. Helyer acknowledged and welcomed Vice Chair Carol Chinn, the NERC Board of Trustees (Board), Commissioner Cheryl LaFleur, various FERC staff in attendance, and the newest MRC member, Holly Rachel Smith of National Association of Regulatory Utility Commissioners (NARUC), representing state government. Mr. Helyer also recognized the policy input provided by the MRC and stakeholders at the request of John Q. Anderson, chair of the Board.
**Minutes**
The MRC approved, on a motion by John A. Anderson and seconded by Bill Gallagher, the draft minutes of its October 5, 2012 conference call and August 15, 2012 meeting (**Exhibits D and E**).

**Election of Committee Officers for 2013**
Mr. Helyer announced the nominations of Carol Chinn for chair and John A. Anderson for vice chair of the MRC for 2013. Mr. Helyer called for a motion to elect Ms. Chinn and Mr. Anderson. The motion was moved by Bill Gallagher and seconded by Barry Lawson; the motion was approved with no negative votes. Ms. Chinn and Mr. Anderson will assume their newly appointed positions at the start of the February 2013 MRC meeting in San Diego, California.

**Status of MRC Sector Nominations**
Mr. Helyer announced the sector nomination period will close November 13 and the election period, which will be handled electronically, will open December 3 and close December 14. All sectors, except the Electricity Marketer and Regional Entity sectors, have nominated at least one representative.

**Update from the Board of Trustees Nominating Committee**
Jan Schori, chair of the Board of Trustees Nominating Committee (BOTNC), reported that the BOTNC met with a recruiter on November 5 to narrow the list of candidates to fill two vacancies on the Board beginning February 2013. Candidates will be interviewed by a subcommittee of the BOTNC later this month and a list of recommended nominees will be presented during the February 6, 2013 MRC meeting in San Diego. David Goulding is an incumbent trustee who is expected to be re-nominated to serve another term.

The BOTNC includes five members of the MRC:
- Scott Helyer – MRC Chair
- Carol Chinn – MRC Vice Chair
- Sylvain Clermont – Federal/Provincial Sector
- Terry Boston – ISO/RTO Sector
- John A. Anderson – Large End-Use Electricity Customer Sector

**Remarks from Gerry Cauley, NERC President and CEO**
Mr. Cauley shared appreciation for FERC’s approval on November 2 of the NERC and Regional 2013 budgets, and reflected on the quality of work and input provided by industry in support of this filing. The budget planning process for 2014 is starting earlier and will include the development of three-year goals and metrics that will be issued in a framework draft prior to the February 2013 meetings. The 2014 budget framework will concentrate on tying initiatives and program areas to reliability risk objectives.

Mr. Cauley called attention to the FERC notice of proposed rulemaking (NOPR) on geomagnetic disturbances, recognizing the important regulatory role surrounding this issue and the challenge it
brings to the existing technical capability and process for developing standards. NERC will be responsive to the NOPR and looks forward to working with FERC and the industry to address this important area.

Additionally, Mr. Cauley recognized the recent reconfiguration at FERC and shared NERC’s interest to coordinate further with the new Office of Energy Infrastructure Security. He also announced satisfaction with the recent CIP ballot result, which demonstrated significant industry focus despite the difficult undertaking.

Finally, Mr. Cauley commented that the path that NERC and industry have been on for standards development and compliance enforcement is no longer sustainable. He identified two new initiatives at NERC involving standards and compliance and the value each of these is expected to bring to reliability.

1. **Compliance**: *Determining how to get the burden of compliance proportionate to the value it can create in reliability improvements* and learning to manage compliance risks through improved auditing practices, alternate methods of processing violations, etc. The main focus of this initiative is to drive towards consistency in the enforcement realm and reach the desired reliability outcome.

   The current course of compliance is unsustainable if the perceived burden of the process far exceeds the reliability benefits. NERC is focused on improving compliance and enforcement through four areas of reform:
   - Restyling the compliance monitoring approach
   - Establishing compliance data requirements
   - Refining compliance and enforcement information flow
   - Redesigning the enforcement strategy

2. **Standards** – *Focusing on the vast body of standards that have been in place since 2005 to ensure a clearer reliability objective* with less administrative burdens and unnecessary requirements. There needs to be greater flexibility to address new emerging issues, such as GMD, and to revise and amend existing standards and some of their requirements. NERC is focused on improving standards development through four areas of reform:
   - Accountability and responsiveness to the NERC board
   - Drafting team composition
   - Workflow/ process improvement – managing the process more efficiently and effectively
   - Work plan

The work of the Standards Process Input Group (SPIG) is a positive step forward. The necessary rigor of the standards process cannot limit doing work in a timely manner.
Standards Process Reform
Mark Lauby, vice president and director of standards, NERC, shared the current status of several SPIG recommendations, including the initiation of the Reliability Issues Steering Committee (RISC) and the revisions to the Standard Processes Manual (SPM). Mr. Lauby also reviewed the reorganization and revised management structure of the NERC standards program staff.

The MRC was asked to review and comment on a draft resolution and proposal for the improvements to the reliability standards development process and sustainable electric reliability organization (ERO) standards model, to be presented to the Board for approval on November 7, 2012.

The following questions and comments were provided by the MRC regarding this topic:

- Mr. Helyer confirmed that the draft resolution and proposal was developed by NERC staff in concert with the SPIG. Since the SPIG is also an effort of the MRC, the MRC was asked to reach consensus on submitting the resolution to the Board for action on November 7.

- Disagreement exists regarding whether the standards development process is the primary impediment to the production of timely standards. The Standards Committee (SC) is often a process-driven committee that is not intended to address the technical merits of a standard. Part of the process reform should be to consider how standard drafting teams (SDTs) receive technical review and support for a standard through the existing technical committees as opposed to just receiving process support from the SC.

- The SC is encouraged to answer what a true reliability requirement looks like. Is it a clear, high quality, technically-excellent standard derived from a results-based standards approach?

- It is unclear who determines the performance of the SC and whether or not that role could be abused based on majority decisions.

- Small, rapid development, technical teams have been tried in the past without significant improvements to the process. NERC is encouraged to determine if there is something more fundamental that needs to be addressed.

- It is unclear why the SDTs are not reaching out more to those who submit comments in between the formal comment periods to improve the timeliness and quality of standards.

- In the draft resolution, there are several statements regarding accountability to the Board. How do the SC members balance their accountability to the NERC Board with their responsibilities to their own sectors and entities? Recommend a balanced statement be included regarding accountability or clarify this point by referencing accountability to the ERO Enterprise, which includes NERC staff, trustees, entities, etc.

- Fear of compliance and enforcement ramifications must also be considered as part of the standards reform initiative and in the management of SDTs.

- The management and execution of the resolution will determine its overall effectiveness.

- What is the intention for action from the resolution in February 2013?
Mr. Lauby confirmed that NERC is interested in establishing the right strategy for improving timeliness, which may or may not involve changes to the process, before deciding on how to best engage the various committees in their technical review of the standards. Additionally, there will need to be a balance reached regarding the accountability of SC members to the NERC Board and the sectors they represent while serving on the SC.

Mr. Cauley responded that the request to the Board involves taking action to issue four directives to the SC. These directives include looking at structure and governance improvements for operating the SC, considering how to best assign the right teams and resources to be efficient and streamline the work flow, and organizing projects into the right groups to accelerate progress. The implementation and response to these directives may involve reporting back on progress in February 2013.

Mr. Helyer confirmed that the MRC reached consensus to endorse the submission of the draft resolution for Board action on November 7. Mr. Helyer also indicated that the SPIG will be extended until the February 2013 meeting.

**Compliance Initiative**

Earl Shockley, senior director of compliance operations, NERC, reported progress towards reaching an end-state for the compliance enforcement initiative (CEI) and defining reliability assurance for a mature ERO. NERC and the Regions continue their work to develop a conceptual whitepaper, describe key change state elements, redesign an enforcement strategy, and draft a filing to deliver to FERC in March 2013.

The following questions and comments were provided by the MRC regarding this topic:

- Ms. Chinn reported that the MRC’s CEI end-state input group\(^1\) supports the need for change in this area, but recognizes there is still a struggle to understand the entire initiative and how the details might be executed, especially under the current aggressive timeline leading up to the March 2013 filing. The group looks forward to hearing about a plan to engage more stakeholder input throughout the process and about opportunities to comment as the change state element papers become available. The input group proposed to expand the stakeholder involvement to include the trade associations and the Regions going forward.

- Compliance is something that most entities face every day and this new initiative encourages entities to identify compliance issues, address compliance problems and improve upon the overall compliance and enforcement processes. More detail than what is being proposed in the change-state papers is needed to get this new initiative underway. Several recommendations for moving the input and development processes forward include:
  - Implementing a unified, one team approach to support this new initiative that includes regional and entity representation.

\(^1\) MRC CEI end-state input group members include: John Seelke, Tom Bowe, Jeff Gust, Jack Cashin, Tom Galloway, Barbara Hindin and Lane Lanford
• Setting an aggressive meeting schedule over the next couple of months to gather input and accomplish the development of this new effort to meet the March 2013 filing date.

• Initiating seminars and webinars to engage and educate industry and exchange ideas regarding this new initiative.

• This is a complex issue that is accompanied by individual viewpoints and experiences from all who are involved. This will take time to develop and stakeholders have to remain engaged to move this initiative forward.

• The implementation of the pilot program concepts will be critical. Is it still unclear if the March 2013 filing will include the pilot program proposal.

• Consistent communication and terminology is key to the success of this initiative. It remains important to share with industry the vision for the end-state and to explain why some activities have stopped or others have moved forward in the development and implementation timeline.

• There is an emphasized need to keep attention on the execution and implementation of the overall plan for this initiative and consider whether the March 2013 filing deadline is a manageable timeframe. There is only one more meeting of the MRC that is scheduled between now and the March filing to garner input.

Mr. Shockley confirmed that some of the existing compliance-based tools (entity impact evaluations, compliance application notices, etc.) still need to be defined under the new initiative to determine how they will be used in the new construct. Input and active dialogue from the industry is important.

The pilot program is intended to test the principles within each of the change state elements involved. It may take years to implement and achieve.

Mr. Cauley recognized that the MRC is supportive of the new initiative and agrees that standards reform and compliance reform are closely linked. It seems that the greatest task for industry between now and the March filing involves understanding and supporting the best conclusions for reaching the end-state. NERC and the Regions will be the primary architects for developing the new initiative, but will rely heavily on the input and support from the industry. A set of detailed questions may be drafted to gather input from stakeholders and detailed workshops and work sessions may be held with industry following the completion of each concept paper.

ERO Scope
Michael Walker, senior vice president and chief financial and administrative officer, NERC, summarized six key objectives and major focus areas of the MRC ERO scope input group

Formalize MRC role under NERC bylaws

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2 MRC ERO scope input group members include: Bill Gallagher, Carol Chinn, John Anderson, Tom Burgess, Mike Penstone and Ed Schwerdt.
• Establish process for providing input by the MRC members, sectors or other stakeholders
• Provide early advice/recommendations in the development of ERO Strategic Plan priorities, goals, objectives
• Formulate a process to provide ongoing coordinated advice/recommendations during development of annual business plans and budgets
• Improve the efficiency and effectiveness of the ERO business planning process and resource allocation
• Assist the ERO in defining the structure/scope of Section 215 guidelines

Bill Gallagher, as the lead member representative of the input group, encouraged the MRC to participate in the early opportunities to provide input and influence the business planning and resource allocation of the ERO.

**Initial Report from the Reliability Issues Steering Committee (RISC)**

Chris Schwab, chair of the RISC, provided an initial report of the RISC activities, which include a list of priority issues to submit to the Board to consider and task to NERC management, committees, etc. as determined necessary to implement the desired solution(s). The RISC continues to meet every month to develop a framework for prioritizing issues and to review nominations received.

The following comment was provided by the MRC regarding this topic:

- The activities that the RISC will be reviewing and considering will likely be within the scope of Section 215, but there may be times when some activities are borderline or outside of the scope. The RISC will need to be prepared to address those instances.

**Policy Input for Select Standards Projects**

Several updates were provided for ongoing standards projects and initiatives.

**Review of select reliability standards projects**

Mr. Lauby reviewed the proposed continent-wide standards, interpretations and Regional standards on which the Board action is expected to take action on November 7.

The following questions and comments were provided by the MRC:

- It is unclear how to reach resolution on issues that are shared or split between two or more committees. For example, the cold weather issue is undergoing actions by the SC and the RISC. As a note of caution, there are a lot of resources and time invested in SDTs that may be wasted if another course of action or alternative solution is recommended by the RISC.
- The EOP-004-2 standard on event reporting has a requirement to update entity plans with contact information. This is an example of a requirement that is not supportive of overall reliability. The Board should consider whether this standard, and similar requirements, truly support reliability or are just merely going to serve a compliance purpose.
Allen Mosher, chair of the SC, responded that the SC’s effort on this issue was already underway before the RISC was operational. A nomination form has since been submitted on this topic to the RISC. It will continue to require adapting existing procedures to reach a more common sense solution. Technical experts on the drafting team may need to consider the decision of the RISC to develop a guideline and determine if there are any gaps that may still require the development of a standard.

Mr. Cauley recognized that this one issue was handled less formally than it could have been. The RISC has the ability to make a judgment call on whether and when to present a priority issue to the Board for action. By recommending the development of a guideline, the RISC has a new responsibility for communicating directly with the committees who have the capability to operationally change/influence the issue. The RISC’s overall effectiveness will need to be continually monitored over the next few years to determine which issues should be taken directly to the Board for action and which should be coordinated with the standing technical committees to achieve the desired solution.

Mr. Cauley recognized that other alternatives such as annual reminders, acceptable practices, sampling techniques, etc. should be considered for addressing the cold weather issue.

Adequate Level of Reliability
Mr. Mosher provided an update on the status of the final draft of the definition of Adequate Level of Reliability (ALR) intended to replace the 2008 informational filing to FERC and Canadian regulators. The revised definition identifies reliability performance and assessment objectives that help define how to measure performance at the interconnection level and as the ERO.

The following questions and comments were provided by the MRC regarding this topic:

- It is still unclear how the ALR task force sees the relationship between the definition and the reliability principles in the SPM.
- What action should the Board take with this new definition?
- The task force tried to address industry concern regarding the statutory language surrounding ‘adequacy’, but it is still unclear who has the responsibility and authority for determining adequacy. To ensure a more focused approach for determining adequacy, the performance objectives may need to be included as part of the ALR definition and the assessment objectives may need to be removed from the definition.
- The probabilistic paradigm involving the definition may need to be considered at a future date based on the Board’s decision to accept or reject the current ALR definition.

Mr. Mosher confirmed that the ALR definition encompasses the current reliability principles and works to collectively incorporate objectives and measures. However, the definition does not adequately address emerging issues such as high impact, low frequency events. The definition will need to continually evolve and be reviewed on a periodic basis.
Mr. Cauley asked the Board to consider providing guidance back to the task force on what it intends to receive as the desired, satisfactory and complete product. The definition advances new concepts such as measuring ALR based on how the system performs, but it is still developed around adequacy by design. Industry is challenged to consider what is the core reliability issue being addressed by the definition. What happens if events exceed the design of the system and cause cascading outages? Based on a perceived risk, should there be concern for achieving an adequate level of reliability and should there be a different way for responding to the risk based on the probabilistic approach? Mr. Cauley also recognized that the ALR definition might be used to argue or challenge that some standards do not need to be developed.

**Revisions to the Rules of Procedure Appendix 4D**

Rebecca Michael, associate general counsel, NERC, provided an update on the work performed by NERC and the Regional Entities to revise the technical feasibility exception (TFE) process in Appendix 4D in the NERC Rules of Procedure. These revisions apply to those Regional Entities seeking exception from strict critical infrastructure protection standards. This is an effort to simplify and streamline the process through which the technical feasibility exception is done, concentrating on the following areas:

- Content of the TFE
- Reporting requirements of the TFE
- Timing of actions on the TFE

Ms. Michael confirmed that these revisions do not change the TFE criteria that are already FERC approved, the development of compensating and mitigating measures already in place, or the safe harbor during or after the TFE request. The comment period has been extended to November 27. Plans include submitting to the Board for action in December 2012.

The MRC complimented the NERC staff and Regions for achieving success on this item.

**Additional Discussion of the October 30 MRC Informational Session Items**

Mr. Helyer asked for any additional discussion on the agenda items presented during the October 30 MRC informational webinar session. The following comments were provided by the MRC regarding the gas-electric interdependency topic discussed on October 30:

- The replacement of coal-fired generation with gas generation will not always take place in the same location and therefore is expected to have a large impact on the configuration of the system. The study will need to consider the impacts on transmission.
- It is unclear how firm contracts are being handled. Firm contracts do not mean firm supply so it is important that the study considers the generator risks such as shortage of fuel.
- How are the cost implications and market reactions being considered among the vast number of solutions being proposed?
John Moura, associate director of reliability assessment, NERC, confirmed that this study will continue to look at vulnerable locations for pipeline contingencies, the transportation of natural gas versus the transmission of electricity, and address the risk of supply to the generator as well as the risk to the customer.

**2011 Southwest Outage Remediation Activities**

Dave Nevius, senior vice president, NERC, and Melanie Fry, vice president of operations and planning, for Western Electricity Coordinating Council (WECC), provided an update on the comprehensive response plans of WECC and the other Regions to the findings and recommendations of the FERC/NERC inquiry. WECC is engaged in activities related to the following subject/topic areas: organization, reliability coordination, operations and planning, compliance, and continent-wide issues. A project plan has been created for each of these activities and the timeline for completing each ranges from 2011-2015.

The following comment was provided by the MRC regarding this topic:

- The final report from WECC, dated September 2012, is a value added to industry and therefore will be shared with the Operating Committee for their reference.

**Future Meetings**

Mr. Helyer referenced a change in location for the May 8, 2013 MRC meeting from Philadelphia, Pennsylvania to Boston, Massachusetts. The following are future MRC and NERC Board of Trustee meeting dates and locations:

- February 6–7, 2013 – San Diego, CA
- May 8–9, 2013 – Boston, MA
- August 14–15, 2013 – Montreal, Canada
- November 6–7, 2013 – Atlanta, GA
- February 5–6, 2014 – Phoenix, AZ

**Update on Regulatory Matters**

Mr. Helyer invited MRC members with questions or concerns regarding additional regulatory matters to meet with Charles Berardesco, senior vice president and general counsel, NERC, at the conclusion of the meeting.

**Comments by Outgoing Chair and Chair Elect**

Vice Chair Chinn extended appreciation on behalf of the entire MRC to Mr. Helyer for the service he has provided. Mr. Helyer shared his own appreciation of the MRC, of Ms. Chinn as vice chair, of John Q. Anderson, Tom Berry and Vicky Bailey for their service and leadership as outgoing trustees. Recognition was also shared for Mr. Dave Nevius as a retiring senior vice president and past MRC secretary at NERC.
Adjudgment
There being no further business, the meeting terminated at 5:05p.m. Central.

Submitted by,

Holly Mann
Secretary
Future Meetings

**Action**
None

**Summary**
The below are the future meetings as approved by the board on May 11, 2011.

**2013 Dates**
- May 8-9, Boston, MA
- August 14-15, Montreal, Canada
- November 6-7, Atlanta, GA

**2014 Dates**
- February 5-6, Phoenix, AZ
Election - Board of Trustees

Action
Elect three Trustees as Class of 2016 (with three-year terms).

Background
Election of the Trustees of the Corporation is governed by Sections 5 and 6 of Article III of the Bylaws. Jan Schori, chair of the Board of Trustees Nominating Committee, will present the enclosed Nominating Committee Report to the Member Representatives Committee. (Attachment 1).
The Nominating Committee of the Board of Trustees for the North American Electric Reliability Corporation (NERC) recommends the following nominees for election to the NERC Board of Trustees (Board) at the Annual Meeting of the Member Representatives Committee (MRC) on February 6, 2013:

Class of 2016 (three-year terms): Robert G. Clarke
                                      David Goulding
                                      Doug Jaeger

This report includes a brief biography of each nominee.

Members of Nominating Committee
The Nominating Committee consists of independent NERC trustees Jan Schori (Committee Chair), Paul Barber, Janice Case, Fred Gorbet, Bruce Scherr, Ken Peterson and Roy Thilly, as well as MRC members Scott Helyer (MRC Chair), Carol Chinn (MRC Vice Chair), John A. Anderson, Terry Boston and Sylvain Clermont.

Background
Article III of NERC’s Bylaws establishes the qualifications and sets the nomination and election procedures for members of NERC’s Board of Trustees. NERC’s independent trustees serve staggered three-year terms, and an election of trustees occurs at the Annual Meeting of the MRC each year. All independent trustees are to be elected from nominees proposed by the Nominating Committee. A nominee shall be elected an independent trustee if such person receives the affirmative vote of two-thirds of the members of the MRC. Each nominee receiving the necessary two-thirds vote of the MRC shall take office immediately upon election.

The incumbent trustees whose terms expire at the February 2013 Annual Meeting are John Q. Anderson, Thomas Berry, David Goulding and Vicky Bailey. NERC’s Trustee Succession Policy, more fully discussed below, provides that no independent trustee may be re-nominated or re-elected if he or she has served 12 consecutive years as an independent trustee. Under that policy, Messrs. Anderson and Berry are not eligible for re-nomination as independent trustees. In addition, Ms. Bailey has decided not to seek re-election.

Based on the above information, the Board of Trustees, at its August 16, 2012 meeting, reduced the number of independent Trustees from 11 to 10, effective with the 2013 election of independent Trustees, thereby meaning that three independent Trustees would be elected for the Class of 2016, each serving a three-year term expiring in February 2016.
Committee Process
Based on the actions of the Board of Trustees discussed above, the Nominating Committee was required to present three nominees for election at the February 2013 MRC meeting. The Committee was pleased to learn that Mr. Goulding was willing and interested to serve an additional term. Committee members solicited the views of stakeholders on Mr. Goulding and reviewed his performance. Based on stakeholder input and the Committee’s own views, the Committee determined Mr. Goulding was well-qualified to continue to serve and should be re-nominated.

The Committee then retained the services of the board and executive search firm Russell Reynolds Associates (RRA) to assist in the search and evaluation of candidates to fill the two open trustee positions. As directed by the Bylaws, the Nominating Committee provided an opportunity for stakeholders to suggest trustee candidates. The Committee received many excellent suggestions and, working with RRA, was pleased to have an excellent list of candidates from which to choose. With the assistance of RRA, the Committee reviewed the background of each candidate, screened the candidates for possible conflicts of interest, and interviewed nine candidates.

The Nominating Committee unanimously recommends the three nominees submitted in this report for election to the NERC Board of Trustees for three-year terms ending at the February 2016 annual meeting of the MRC.

Trustee Succession
The Board of Trustees has adopted a policy statement on trustee succession, and the Nominating Committee has followed that policy in making the nominations. The policy statement directs the Nominating Committee to observe the following guidelines in proposing nominees to serve as independent trustees:

- Each year the Nominating Committee should include in its report to the Member Representatives Committee a calculation of the average tenure of the independent trustees. The Nominating Committee should endeavor to keep the average tenure of independent trustees below six years.\(^1\)

- To the extent feasible, the Nominating Committee should determine prior to soliciting suggestions for candidates whether the Committee expects that one or more incumbent trustees will not be re-nominated.

- No independent trustee may be re-nominated or reappointed after he or she has served on the board for twelve consecutive years, unless at least one year has elapsed between the end of service on the board and the subsequent re-nomination or reappointment.

As of February 2013, Mr. Goulding will have three years of service on the NERC Board. As of February 2013, with the departure of Messrs. Anderson and Berry and the election of two new independent trustees, the projected average tenure of all independent trustees would be 4.10 years.

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\(^1\) The calculations also include service on the board of the North American Electric Reliability Council.
Biographies of the Nominees

Robert G. Clarke

Robert G. Clarke retired as Chancellor of the Vermont State Colleges in June 2009, a position he held since June 2000. He previously served as the Interim Chancellor from November 1999 to June 2000 and prior to that served as President of Vermont Technical College.

Mr. Clarke served as member of the board of directors of Central Vermont Public Service, and as Chair of the Board of Vermont Electric Power Company, Inc. and Vermont Electric Transmission Company, Central Vermont affiliates, from 1997-2012. He was Chair of the Board's Audit Committee and a member of both the Executive and Corporate Governance Committees. Additionally Mr. Clarke served on the Board of TD Banknorth Group, Inc. from 2003-2009. He also served as a director of the Richard E. & Deborah L. Tarrant Foundation (a charitable giving foundation).

Mr. Clarke earned a Bachelor's Degree in Occupational Education from Southern Illinois University, a Master's Degree in Occupational Education from Central Washington State College, and a Doctorate in Administration and Supervision from Lehigh University.

David Goulding

David Goulding was first elected to the Board of Trustees of the North American Electric Reliability Corporation in February 2010 and currently serves as a member of the Finance and Audit and Standards Oversight and Technology Committees of the Board of Trustees.

Mr. Goulding previously served as Chairman of the Northeast Power Coordinating Council and a regional representative on the NERC Member Representatives Committee. He is also a member of the Board of Rouge Valley Health System which operates hospitals and mental health facilities in the Toronto and Durham (Ontario) region. A graduate of the University of Bradford U.K., his early years in the industry included progressive positions in transmission and generation construction, operations and maintenance with the Central Electricity Generating Board. During this time Mr. Goulding also worked on shift in a power system grid control center and was section head for computer support and operations planning. After joining Ontario Hydro in 1977, he held several senior positions including Director, Grid System Management; General Manager Electricity Exchange; Vice President, Central Market Operations; and Senior Vice President, Central Market Operations. Duties included directing the operation of generation and transmission facilities, fuel requirements and utilization, transactions with other utilities, and regulation of 313 municipal electric utilities. As Senior Vice President, Mr. Goulding was responsible for preparations for a competitive wholesale electricity market, compliance with market rules and the establishment of what is now the Ontario Independent Electricity System Operator (IESO). Mr. Goulding was appointed President and CEO of the IESO in early 1999, a position he held until retiring in late 2006. A past member of the NERC (Council) Stakeholder Board and NERC Stakeholder Committee, he was also the Canadian member on the CIGRE Study Committee on Electricity Markets and Regulation and a member of the Ministers’ Electricity Conservation and Supply Task Force. Mr. Goulding has post graduate qualifications in Advanced Power System Protection and attended the Banff School of Advanced Management.
Doug Jaeger
Doug Jaeger was named Chief Executive Officer of Adolfson & Peterson Inc. (A&P) in August 2008, an $800 million, family-owned, national construction firm with market concentration in medical, energy, government, senior housing and education segments. As CEO, he is responsible for the company's overall strategic direction, the growth and development of A&P's leadership team and the overall growth and performance of the business.

Prior to joining A&P, Mr. Jaeger held the position of Vice President of Transmission for Xcel Energy, the 5th largest electric transmission provider in the U.S. at that time. In this role, he was responsible for Xcel's high voltage transmission business, overseeing planning, engineering, construction and maintenance, reliable system operations and customer service. Additionally, Mr. Jaeger played a major role in market relations and public policy on energy-related matters including grid reliability and infrastructure investment. In advance of his transmission role, Mr. Jaeger held various leadership roles at Xcel Energy including VP, Business Operations and VP, Retail Marketing and Sales.

Before joining Xcel Energy in 2000, Mr. Jaeger held marketing, business development and sales leadership roles at Exelon Corporation and Honeywell Inc.

Mr. Jaeger serves on the Board of Advisors for Computype Inc. and has been active on various community boards including Minnesota Independent Schools Forum, Minneapolis Children's Theatre Company and Northern Star Council, Boy Scouts of America. He also served on the board of directors for the Midwest Reliability Organization, Midwest Energy Association and NERC Members Representative Committee. In 2010, Twin Cities Business Magazine selected Mr. Jaeger as one of the "200 Minnesotans You Should Know" Honorees and in 2006, he was chosen as one of the Minneapolis/St. Paul Business Journal's "Forty Under 40" honorees for his achievements and dedication to the community.

Mr. Jaeger earned his undergraduate degree from St. John's University in Collegeville, MN and his MBA from the University of St. Thomas in St. Paul, MN.
ERO Enterprise Strategic Planning and Goals

**Action**
None

**Background**
Gerry Cauley, president and CEO, NERC, will review with the MRC the updated draft ERO Enterprise Strategic Plan 2013–2016 and draft 2013 Corporate Performance Metrics (Attachments 1 and 2, respectively). This is one of the items on which NERC Board of Trustees Chair, John Q. Anderson, requested MRC policy input.

The updated strategic plan will also be discussed during the February 6 Corporate Governance and Human Resources Committee open meeting.
This plan was expanded and updated from 2012 to provide more transparency in the setting of goals for the ERO Enterprise and to accommodate the 2013-2016 planning period.

The ERO Enterprise is a collaborative, international network comprised of the North American Electric Reliability Corporation (NERC) and the eight Regional Entities that brings together collective leadership, experience, judgment, skills, and technologies for ensuring the reliability of the North American bulk power system. This plan summarizes the ERO Enterprise’s mission, vision, values and goals; and provides strategic direction and priorities for 2013 and beyond. The plan will be reviewed, revised, and supplemented every two years or more frequently as needed.

Mission
To ensure the reliability of the North American bulk power system.

Vision
To be the trusted leadership that ensures and continuously improves the reliability of the North American bulk power system by implementing relevant standards; promoting effective collaboration, cooperation, and communication around important risks to reliability; and utilizing expertise from the industry to produce outcomes that improve reliability.

Core Values and Principles
The following core values and principles serve as guidelines for the conduct and behavior of all involved in the ERO Enterprise.

Accountability and Independence — The ERO Enterprise will:

- Be accountable for the public responsibilities delegated to it (a public trust obligation).
- Be impartial, independent of special interests, and impervious to improper influence.
- Balance its own independent regulatory judgment with the need to involve those with expert knowledge and experience in bulk power system reliability matters.

Responsiveness — The ERO Enterprise will act in a timely manner on the basis of unfolding events, emerging reliability risks, and the needs of industry and other stakeholders.

Fairness and Inclusiveness — The ERO Enterprise will:

- Be open and transparent.
- Provide access for clear communication with stakeholders.
• Ensure the legitimate interests of all parties are duly considered and balanced in the
development of policies and reliability standards, and in its programs and operations.
• Conduct compliance and enforcement actions judiciously and in proportion to risk, paying
regard to risks both potential and actual (realized).

Adaption and Innovation — The ERO Enterprise will:
• Continuously assess and prioritize its goals.
• Embrace change and encourage new ideas that contribute to effective action.
• Recognize the complex relationships and potential tensions between reliability objectives and
business imperatives (including cost control).
• Be nimble and artful in responding to novel, unfamiliar, and emerging challenges.

Excellence — The ERO Enterprise will:
• Promote and rely upon the active participation of the best technical leaders from industry.
• Strive for excellence and efficiency in all aspects of Enterprise activities.

Efficiency — The ERO Enterprise will make informed decisions regarding efficient use of its resources
and resources shared by industry.

Integrity — The ERO Enterprise will:
• Maintain the highest levels of professional and ethical conduct.
• Be intellectually honest, truthful, candid, and without bias.
• Be rigorous and thorough in all it does, doing the right things the right way.
• Earn trust by treating every person with fairness and respect.
• Work to meet or exceed expectations of stakeholders.

Four Pillars for Success
In order to succeed, the ERO Enterprise will emphasize:
• Reliability – to address events and identifiable risks, thereby improving the reliability of the
bulk power system.
• Assurance – to provide assurance to the public, industry, and government for the reliable
performance of the bulk power system.
• Learning – to promote learning and continuous improvement of operations and adapt to
lessons learned for improvement of bulk power system reliability.
• Risk-based Approach – to focus attention, resources and actions on issues most important to
bulk power system reliability.
Strategic Goals 2013 – 2016
The ERO Enterprise has identified seven goals in the strategic areas of standards; compliance, registration and certification; risks to reliability; and coordination and collaboration.

Standards

Goal 1. Develop clear, reasonable and technically sound mandatory reliability standards in a timely and efficient manner. These standards establish threshold requirements for ensuring the bulk power system is planned, operated, and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment, or limits interruptions of bulk power supply.

Objectives and valued outcomes include:

a. Standards are timely, clear and responsive to reliability and security risks.

  Key deliverables include:
  - Complete standards development governance and process reforms as identified in 2012 resolutions by the NERC Board of Trustees.
  - Ensure all existing and new standards meet quality and results-based criteria\(^1\) within five years with subsequent review every five years thereafter
  - Evaluate significant bulk power system events (Category 3 and above) to identify gaps in standards and address any gaps
  - Develop a bulk power system risk profile and assess standards compared to the profile, address the most important risk gaps
  - Address all high-risks designated for control by a standard within one year or two years if technical study is required
  - Address all new FERC directives within one year or two years if technical study is required; close existing directives by 2015 (by filing or negotiated resolution)

b. Standards are practical to implement and cost effective.

  Key deliverables include:
  - Facilitate smooth transition of new standards (e.g., CIP Version 5)
  - Consolidate to a common set of application guides or RSAWs for all standards
  - Identify and file requirements to be retired (Paragraph 81 Phase 2)
  - Explore options for assessing the cost effectiveness of appropriate reliability standards

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\(^1\) Quality criteria are the attributes of excellent reliability standards as stated in Section 300 of NERC’s Rules of Procedure. Results based criteria mean each requirement defines a performance outcome, risk mitigation, or essential competency necessary for a reliable bulk power system.
Compliance, Registration and Certification

Goal 2. **Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.** The ERO retains and refines its ability to use standards enforcement when warranted and impose penalties and sanctions commensurate with risk.

Objectives and valued outcomes include:

a. **The ERO registers entities commensurate with risk to the bulk power system and ensures all key reliability entities are certified to have essential capabilities.**
   
   *Key deliverables include:*
   
   - Develop and implement BES exception process
   - Evaluate certification program for sufficiency and effectiveness, modify as needed
   - Develop framework and criteria for registration based on risk to the bulk power system
   - Develop common and consistent registration processes, information systems and methods among regions

b. **The ERO holds industry accountable for violations that create serious risk to the bulk power system; resulting actions are timely and transparent to industry.**
   
   *Key deliverables include:*
   
   - Develop and implement Reliability Assurance Initiative (compliance reform)
   - Develop and implement new caseload and mitigation aging curves and monitor caseload and mitigation performance
   - Develop and implement enforcement strategies based on Reliability Assurance Initiative

Goal 3. **Promote a culture of compliance that addresses reliability risks across the industry.** The ERO works with industry to identify standards, procedures, practices and controls to address reliability risks.

Objectives and valued outcomes include:

a. **Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues.**
   
   *Key deliverables include:*
   
   - Develop and implement Reliability Assurance Initiative (compliance reform) (same as 2b)
   - Make effective internal controls models and information available to industry
   - Initiate compliance phase-in learning periods for new standards
b. The ERO uses efficient processes and proportional exercise of discretion to verify that compliance objectives are met by industry.

Key deliverables include:

- Continue to expand use of discretion through Find, Fix, and Track (FFT)
- Develop and implement Reliability Assurance Initiative (compliance reform) (same as 2b)

**Risks to Reliability**

**Goal 4. Identify the most significant risks to reliability.** The ERO identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results.

Objectives and valued outcomes include:

a. Risks are identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.

Key deliverables include:

- Continue to mature RISC and develop risk profile to include HILF issues
- Prepare an annual state of reliability report
- Develop project plans and business case assessments for high priority risks; implement or facilitate initiatives to address high priority risks (see 5a first bullet)

b. Events and system performance are consistently analyzed for sequence, cause, and remediation to identify reliability risks and trends, and to inform standards, compliance, and other programs. Industry is well informed of system events, emerging trends, risk analysis, lessons learned and expected actions.

Key deliverables include:

- Analyze significant events to identify gaps in standards, compliance effectiveness, registration, and risk controls effectiveness
- Make all bulk power system event reports available to industry through secure portal
- Provide lessons learned and recommendations from events and identified risks
- Merge event driven databases and cause codes into one (e.g., event analysis, TADS, GADS, relay mis-operations)

**Goal 5. Be accountable for mitigating reliability risks.** The ERO works with industry stakeholders and experts to ensure the mitigation of known risks to reliability.

Objectives and valued outcomes include:

a. The ERO is tracking industry accountability for critical reliability and security recommendations.
Key deliverables include:

- Manage risk control initiatives to be completed by ERO and coordinate other initiatives with industry (e.g., relay misoperations, situational awareness, human error, cyber attack)
- Develop and deploy a recommendations tracking system

b. **Industry is aware of and is effectively addressing security vulnerabilities and threats.** Industry security posture is being evaluated and continuously improved. During crisis situations, ERO facilitates sharing of information among industry, Regions, and government.

Key deliverables include:

- Expand security maturity model assessments to be widely accessible across industry
- Issue and track security recommendations to protect the bulk power system (related to 5a second bullet)
- Expand the use and value of security threat and vulnerability information sharing, analytics, and analysis
- Implement periodic wide area security exercises (e.g., GridEx)
- Increase security clearances available to industry and facilitate access to secured briefings through local fusion centers

**Goal 6. Promote a culture of reliability excellence.** The ERO facilitates a learning environment throughout the industry through event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices.

Objectives and valued outcomes include:

a. **ERO is a leading resource to industry and policy makers for reliability information.**

   Key deliverables include:
   - Publish quality reliability assessment reports (LTRA, seasonal and special reports)
   - Promote effective actions as needed to address identified gaps in future reliability

b. **Reliability models and data accurately represent system behavior and are shared among reliability entities.**

   Key deliverables include:
   - Assess data and modeling needs and develop recommendations to ensure quality planning and operating data/models are available to registered entities across each interconnection
   - Evaluate event disturbances using phasor measurements and other methods to assess sufficiency of data and models
Coordination and Collaboration

Goal 7. Improve transparency, consistency, quality and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost effectiveness. The ERO accomplishes this through effective coordination, collaboration and process improvements. The ERO communicates expectations clearly and fosters collaboration to deliver important results in advancing system reliability. The ERO engages the support and expertise of stakeholders, is an efficient steward of resources, and leverages information systems to create efficiencies and process controls.

Objectives and valued outcomes include:

a. The ERO acquires, engages, and retains highly qualified talent suited to the mission.

   Key deliverables include:

   • Implement employee climate surveys and succession planning and promote favorable hiring and retention of ERO staffs
   • Develop ERO qualifications requirements for auditors and other key positions across the ERO and implement training as needed

b. The ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.

   Key deliverables include:

   • Develop test and deploy ERO enterprise applications, platform and database
   • Develop five-year ERO self-assessment and close all recommendations from three-year assessment and FERC audit
   • Implement an ERO-wide internal risk management program
NERC is presenting its 2013 corporate performance metrics using the common strategic planning framework, *Electric Reliability Organization Enterprise Strategic Plan 2012-2015*¹, provided to the board in February 2012. The strategic plan framework was recently updated by NERC and the Regional Entities to include refined goals, objectives and deliverables for 2013-2016 and to formulate business plans and budgets for the upcoming three year cycle. For 2013 and beyond, the ERO Enterprise will work within four recognized goal areas: 1) standards; 2) compliance, registration and certification; 3) risks to reliability; and 4) coordination and collaboration.

As NERC continues to enhance the success of the ERO Enterprise, it improves the measurement of its own individual performance through established goals, objectives and metrics. The overall number of performance metrics for 2013 has been reduced to focus on results that aim to improve reliability. NERC management has worked to define 2013 metrics that are both within NERC’s span of influence or control and meaningful to bulk power system reliability performance and effective risk mitigation strategies. Building on 2012, NERC continues a performance metric for 2013 based on overall reliability performance: *at-risk compensation will depend on the number of bulk power system category 3, 4 and 5 events*² *(+10 percent at stake depending on the number of category 3, 4 and 5 events)*. All other metrics include Target at 100 percent payout and Threshold at 70 percent, with no credit for less than Threshold achievement.

The specific objectives presented below were derived from the goals and deliverables outlined in the 2013 NERC Business Plan and Budget, which was approved by the NERC Board of Trustees (Board) on August 16, 2012 and accepted by the Federal Energy Regulatory Commission (FERC) in its order issued November 2, 2012.

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¹ Enclosed is the updated *ERO Enterprise Strategic Plan 2013-2016*.
² Excluding terrestrial weather, however space weather (GMD) is included in the metric.
### Standards

**Goal 1 - Develop clear, reasonable and technically sound mandatory reliability standards in a timely and efficient manner.** These standards establish threshold requirements for ensuring the bulk power system is planned, operated and maintained in a manner that minimizes risks of cascading failures, avoids damage to major equipment and limits interruptions of bulk power supply.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Threshold</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a  Standards are timely, clear and responsive to reliability and security risks.</td>
<td>Percent of board-approved standards that meet quality criteria and results-based construct</td>
<td>Complete initial tabletop quality assessment of all standards and 1 new standard meets quality criteria and results-based construct</td>
<td>Complete initial tabletop quality assessment of all standards and 3 new standards meet quality criteria and results-based construct</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Filed by yearend with extensions</td>
<td>All filed within deadlines (COM-003 by yearend)</td>
</tr>
<tr>
<td></td>
<td>CIP V5, BAL-003 frequency response, TPL footnote b, COM-003, and GMD (if ordered) standards filed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b  Standards are practical to implement and cost effective.</td>
<td>Requirements to be retired (Paragraph 81 – Phase 2)</td>
<td>Assessment complete with summary report</td>
<td>Requirements to retire identified, standards revisions approved and filed</td>
</tr>
<tr>
<td></td>
<td>Model standard application guide/RSAW, consolidating existing documents</td>
<td>Model application guide/RSAW and one sample complete</td>
<td>10% of standards have associated application guide/RSAW completed in new format</td>
</tr>
</tbody>
</table>
**Compliance, Registration and Certification**

*Goal 2 - Be a strong enforcement authority that is independent, without conflict of interest, objective and fair.* The ERO retains and refines its ability to use standards enforcement when warranted and impose penalties and sanctions commensurate with risk.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Threshold</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a The ERO registers entities commensurate with risk to the bulk power system and ensures all key reliability entities are certified to have essential capabilities.</td>
<td>Framework and plan to begin in 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2b The ERO holds industry accountable for violations that create serious risk to the bulk power system; resulting actions are timely and transparent to industry.</td>
<td>Aging curve to monitor aging of caseload (2%)</td>
<td>Caseload aging curve developed</td>
<td>Caseload aging curve developed and baseline established for 2013</td>
</tr>
<tr>
<td></td>
<td>Twelve-month rolling average of active violations divided by monthly filings and dismissals (caseload index) (3%)</td>
<td>12 months</td>
<td>10 months</td>
</tr>
<tr>
<td></td>
<td>Number of active possible violations preceding January 1, 2012(^3) (3%)</td>
<td>100, excluding those held by appeal, regulator, or court</td>
<td>Zero, excluding those held by appeal, regulator or court</td>
</tr>
<tr>
<td></td>
<td>Mitigation aging curve</td>
<td>Mitigation aging curve developed</td>
<td>Mitigation aging curve developed and baseline established for 2013</td>
</tr>
</tbody>
</table>

\(^3\) Reference date is the discovery date (e.g. by audit, self-report, self-certification, etc.) or, if event-based, the date of the event.
Compliance, Registration and Certification

Goal 3 - *Promote a culture of compliance that addresses reliability risks across the industry.* The ERO works with industry to identify standards, procedures, practices and controls to address reliability risks.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Threshold</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a</td>
<td>Industry has effective procedures and programs to monitor, detect, correct, report, and prevent compliance, reliability, and security issues.</td>
<td>Compliance reform (RAI) plan developed</td>
<td>Developed to include end state description and roadmap</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percent self identified violations and findings including FFT</td>
<td>Metric developed</td>
</tr>
<tr>
<td>3b</td>
<td>The ERO uses efficient processes and proportional exercise of discretion to verify that compliance objectives are met by industry.</td>
<td>Percent of findings filed through FFT and spreadsheet without settlement agreements, compared to all violations and findings filed excluding dismissals (3%)</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expand FFT to allow determinations to be made by auditors (5%)</td>
<td>Expanded program prerequisites completed but not implemented</td>
</tr>
</tbody>
</table>

Risks to Reliability

Goal 4 - *Identify the most significant risks to reliability.* The ERO identifies and prioritizes reliability risks, facilitates effective solutions and interventions, and monitors results.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Threshold</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>4a</td>
<td>Risks are identified and prioritized based on reliability impacts, cost/practicality assessments, projected resources, and emerging issues.</td>
<td>State of reliability report</td>
<td>Published by June 30</td>
</tr>
<tr>
<td></td>
<td>Report to Board on priority risks based on industry expert inputs</td>
<td>Risk profile of priority risks</td>
<td>Risk profile with high priority risks scaled for action and assignment</td>
</tr>
<tr>
<td></td>
<td>Risk control initiatives by ERO</td>
<td>One in progress</td>
<td>Three in progress (e.g., relay mis-operations,</td>
</tr>
</tbody>
</table>
Risks to Reliability

Goal 5 - Be accountable for mitigating reliability risks. The ERO works with industry stakeholders and experts to ensure the mitigation of known risks to reliability.

<table>
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<th>Objective</th>
<th>Measure</th>
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<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>5a</td>
<td>The ERO is tracking industry accountability for critical reliability and security recommendations.</td>
<td>Number of BPS category 3, 4 and 5 events excluding weather(^5), flood, or earthquake</td>
<td>• (+10%): three or less Category 3 events occur and zero Category 4 or 5 events • (0%): Zero Category 5 events, one or zero Category 4, and four or less Category 3 events • (-10%): a Category 5 event occurs or two Category 4 events or five or more Category 3 events</td>
</tr>
</tbody>
</table>

| 5b        | Industry is aware of and is effectively addressing security vulnerabilities and threats. Industry | ES-ISAC fully utilized | 60% of RC’s and TO/TOPs; 33% of all other registered | 80% of RC’s and TO/TOPs; 50% of all other registered |

\(^4\) Three documented initiatives in addition to those credited in 4b.

\(^5\) Terrestrial weather excluded from metric, however space weather (GMD) is included in metric.
security posture is being evaluated and continuously improved. During crisis situations, ERO facilitates sharing of information among industry, regions, and government.

<table>
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<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>6a</td>
<td>ERO is a leading resource to industry and policy makers for reliability information.</td>
<td>Assessment reports</td>
<td>LTRA, two seasonal assessments, one special issues report published; reports are streamlined for board approval (half or less volume)</td>
</tr>
<tr>
<td>6b</td>
<td>Reliability modeling and data accurately represent system behavior and are shared among reliability entities.</td>
<td>Model and data quality assessments begin in 2014</td>
<td></td>
</tr>
</tbody>
</table>

**Risks to Reliability**

*Goal 6 - Promote a culture of reliability excellence.* The ERO facilitates a learning environment throughout the industry through event causal analysis, communication of lessons learned, tracking of recommendations, and implementation of best practices.

<table>
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<th>Objective</th>
<th>Measure</th>
<th>Threshold</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of maturity model assessments completed</td>
<td>6</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>GridEx</td>
<td>GridEx 2013 conducted</td>
<td>Exercise completed with extreme scenario, executive leadership component, and 100 plus entities engaged</td>
<td></td>
</tr>
</tbody>
</table>
Coordination and Collaboration

Goal 7 - Improve transparency, consistency, quality and timeliness of results; operate as a collaborative enterprise; and improve efficiencies and cost effectiveness. The ERO accomplishes this through effective coordination, collaboration and process improvements. The ERO communicates expectations clearly and fosters collaboration to deliver important results in advancing system reliability. The ERO engages the support and expertise of stakeholders, is an efficient steward of resources, and leverages information systems to create efficiencies and process controls.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
<th>Threshold</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>7a</td>
<td>The ERO acquires, engages, and retains highly qualified talent suited to the mission.</td>
<td>Qualifications</td>
<td>ERO qualifications description for ERO Enterprise auditors</td>
</tr>
<tr>
<td></td>
<td>ERO enterprise (NERC and Regional Entity) infrastructure and applications</td>
<td>Secure, backed up infrastructure, database, and communications platform is designed, one ERO application is operational</td>
<td>Secure, backed up infrastructure, database, and communications platform is designed, three ERO PMO applications are operational</td>
</tr>
<tr>
<td>7b</td>
<td>ERO internal risks are understood and managed; ERO processes are effective, efficient, and continuously improved.</td>
<td>Internal risk management (75% weight)</td>
<td>Total year end operating and fixed asset expenditures do not exceed an amount equivalent to: (a) the 2013 operating expense and fixed asset expense budget plus b) an amount equivalent to the sum of: (i) the 2013 budget for known contingency operating reserves and</td>
</tr>
</tbody>
</table>

6 Sample ERO Enterprise applications include: BES Exception, Event Information Data System (EIDS), and Reliability Assessment Database System (RADS).
<table>
<thead>
<tr>
<th>Budgetary and working capital (25% weight)</th>
<th>(ii) 25% of the 2013 operating reserve budget for unforeseen contingencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each Regional Entity has a written working capital and operating reserve policy in place that has been approved by its board or a committee of its board if the board has delegated the authority regarding establishment of such policy to a committee of the board (e.g. finance and audit committee).</td>
<td>Common working capital and operating reserve framework in place across NERC and all regions.</td>
</tr>
</tbody>
</table>
Update on ERO Scope Activities and Status of MRC Input Group

Action
None

Background
During its August 15, 2012 meeting, the MRC created an informal subgroup to provide input to NERC management regarding ongoing improvements in the annual business planning and budget process, including the Section 215 Guidelines which NERC will be developing as an outgrowth of the FERC audit proceeding and comments of stakeholders.

The input group is chaired by Carol Chinn and member representative Bill Gallagher. Other member representatives and participants include: John Anderson, Tom Burgess (through December 2012), Steve Naumann, Mike Penstone and Ed Schwerdt, NPCC. NERC participants included Mike Walker, David Cook, Charlie Berardesco, and Holly Mann.

Commencing in September 2012 through January 2013, the input group routinely met by conference call. Discussions focused on:

- The schedule and structure of the annual business plan and budget process
- The goals, objectives, and process for providing MRC and stakeholder input into the development of the ERO’s goals, objectives, and priorities through the business plan and budget process
- The provisions of NERC’s bylaws regarding the MRC’s role in providing advice and recommendations to the Board with respect to the development of annual budgets, business plans, funding mechanisms, and other matters.
- The preliminary work by NERC and the Regional Entities regarding the development of ERO goals, objectives, and priorities for the 2014-2016 planning period
- The structure and scope of the Section 215 Criteria including the relationship between these criteria and the annual ERO business planning process
- The need for flexibility in the structure and process for ongoing input by the MRC and stakeholders in the development of ERO priorities and associated goals, objectives, business plans and budgets
- The relationship between the MRC’s input to the business planning process and the input of the Reliability Issues Steering Committee (RISC)
- The need and benefits of focused input by the MRC, as well as the RISC, Planning, Operating, Compliance and Certification, and Critical Infrastructure Protection Committees early in the business planning process
- The need to ensure that in whatever process is adopted that it does not preclude the ability of MRC members and stakeholders to provide input through other means
The benefits of utilizing the Framework for Operation of the Member Representatives Committee as a mechanism provide for ongoing MRC input into the business planning process.

At the February 6, 2013 meeting, Bill Gallagher and Carol Chinn will discuss the input group’s recommendations regarding improvements in the process for providing ongoing input into the ERO’s annual and long-term business planning process.
Reliability Assurance Initiative Update

Action
None

Background
During its August 15, 2012 meeting, the MRC formed a subgroup to assist NERC and the Regional Entities in defining a desired end-state for a mature ERO compliance and enforcement initiative (CEI). Through ongoing coordination and dialogue, the subgroup evolved into a broader stakeholder-based group comprised of the trade associations and the initiative became known as an expanded Reliability Assurance Initiative (RAI).

Several core activities have been outlined for RAI in a white paper that includes four change state elements used to describe the desired end-state. Concept papers have been developed to communicate two of the four change state elements associated with the new effort: Paper No. 1 - Restyling of Compliance Monitoring; and Paper No. 2 - Evaluation of Compliance Data Requirements. In addition, outreach has continued with representatives of the MRC and the trade associations to gather comments, observations and suggestions for the development of future concept papers and for the overall implementation of the RAI.

Summary
On December 7, 2012, Gerry Cauley received a letter from the trade associations requesting that the anticipated March 15, 2013 deadline for filing a comprehensive RAI strategy with FERC be extended to allow more time for strengthening engagement and coordination with industry. Through several recent planning engagements with the MRC and Trades, it was decided by NERC to table the comprehensive RAI filing for a future date, beyond March 2013.

NERC staff, in coordination with the eight Regional Entities, plan to provide an update on the RAI effort during the MRC meeting on February 6. The update will address:

- The existing series of concept papers being completed and used as the conceptual design that guides the development efforts going forward
- Confirmation that the March 15 filing has been tabled and a FERC filing strategy is being developed as part of the overall program plan
- Development of an RAI Implementation Program Plan and potential pilot programs to test components of the RAI
- Development of an industry engagement timeline for getting industry input into the program plan that will be part of a broader outreach program for the RAI
Status Reports on Policy Initiatives – Standards Process Reform

Action
None

Background
The Standards Committee (SC) and NERC standards staff have been addressing the improvements called for in the November 2012 Board of Trustees’ (Board’s) Resolution as well as completing the implementation of Recommendations 1, 4, and 5 of the MRC’s Standards Process Input Group (SPIG). Several key initiatives are summarized below, and Table 1 of the enclosed Reliability Standards Status Report, January 2013 (Attachment 1) maps these staff efforts to the resolution and specific SPIG recommendations.

Addressing the SPIG’s Recommendations
Proposed revisions to NERC’s standards development processes were developed in response to recommendations made to the Board by the MRC’s SPIG in May 2012, specifically Recommendations 1, 4, and 5. The revisions to the Standard Processes Manual (SPM) resulted in a streamlined formal process and are consistent with ANSI essential requirements.

Specifically, the revisions to the SPM are to:

- Memorize the intent to revise drafting team composition to ensure they are appropriately equipped to meet reliability objectives (e.g., add legal and compliance experts)
- Incorporate reference to compliance assessment tool development, such as Reliability Standard Audit Worksheets (RSAWs), cooperatively and in parallel with standard development
- Streamline commenting and balloting, including provisions for:
  - Summary responses to comments and elimination of the obligation to respond in writing at every stage of the comment process
  - Eliminating negative votes without comments in the calculation of consensus
  - Quality reviews to be conducted in parallel with standard development
- Incorporate guidance for the appropriate role and scope of Interpretations, to be consistent with guidance from the Board
- Reduce the requirement for periodic review to be consistent with ANSI-minimum requirements
- Incorporate a waiver provision to allow for modifications to the standards development process for good cause, with five days notice and reporting of the exercise of a waiver to the Board’s Standards Oversight and Technology Committee
Addressing the Board’s November 2012 Resolution

To address the Board’s November 2012 resolution, the SC developed a five-year strategic plan and work plan, as well as developed modifications to its charter. The strategic plan aligns the SC work with the electric reliability organization’s (ERO’s) strategic direction, while the work plan includes specific actions, tasks, milestones, and Committee structure for executing the plan. Based on these documents, the SC made revisions to enhance its charter.
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Response to November 2012 Board of Trustees Resolution and SPIG Recommendations

The Standards Committee (SC) and NERC Standards staff have been addressing the November 2012 Board of Trustees’ (Board’s) Resolution as well as completing the implementation of Recommendations 1, 4, and 5 of the Member Representatives Committee’s (MRC’s) Standards Process Input Group (SPIG). Several key initiatives are summarized below, and Table 1 maps these efforts to the resolution and specific SPIG recommendations.

Addressing the SPIG Recommendations

Proposed revisions to NERC’s standards development processes were developed in response to recommendations made to the Board by the MRC’s SPIG in May 2012, specifically Recommendations 1, 4, and 5. The revisions to the Standard Processes Manual (SPM) resulted in a streamlined formal process and are consistent with ANSI Essential Requirements. Specifically, the revisions are to:

- Memorialize the intent to revise drafting team composition to ensure they are appropriately equipped to meet reliability objectives (e.g., add legal and compliance experts)
- Incorporate reference to compliance assessment tool development, such as Reliability Standards Audit Worksheets (RSAWs), cooperatively and in parallel with standard drafting
- Streamline commenting and balloting, including provisions for:
  - Summary responses to comments and elimination of the obligation to respond in writing at every stage of the comment process
  - Eliminating negative votes without comments in the calculation of consensus
  - Quality reviews to be conducted in parallel with standard development
- Incorporate guidance for the appropriate role and scope of Interpretations, to be consistent with guidance from the NERC Board
- Reduce the requirement for periodic review to be consistent with ANSI minimum requirements
- Incorporate a waiver provision to allow for modifications to the standards development process for good cause, with five days notice and reporting of the exercise of a waiver to the Board’s Standards Oversight and Technology Committee.

Addressing the Board of Trustees’ November 2012 Resolution

To address the Board’s November 2012 resolution, the SC developed a five-year strategic plan and work plan, as well as developed modifications to its charter.

The strategic plan aligns the SC work with the electric reliability organization’s (ERO’s) strategic direction, while the work plan includes specific actions, tasks, milestones, and committee structure for executing the plan. Based on these documents, the SC made revisions to enhance its charter.
### Table I: Mapping Standards Committee Actions to SPIG Recommendations and Board Resolution

<table>
<thead>
<tr>
<th>Action/Recommendations</th>
<th>Standards Committee Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>**Standards Process Improvement Group (SPIG) recommendations:**¹</td>
<td></td>
</tr>
<tr>
<td>1. American National Standards Institute - Maintain ANSI accreditation unless ANSI prevents efficiency gains</td>
<td>The revisions to the Standard Processes Manual (SPM) are consistent with ANSI Essential Requirements. ANSI accreditation will be maintained unless it will hinder efficiency gains.</td>
</tr>
<tr>
<td>4. Standards Product Issues - Require the standards development process to address:</td>
<td></td>
</tr>
<tr>
<td>• The use of results–based standards (RBS)</td>
<td>The 2013-2015 Reliability Standards Development Plan (2013-2015 RSDP) includes incorporation of RBS principles into all projects going forward. Currently a white paper clarifying these principles as well as training is being developed for drafting team members.</td>
</tr>
<tr>
<td>• Cost effectiveness of standards and standards development</td>
<td>The SC in October 2012 approved the Cost Effective Analysis Process (CEAP) document along with an Implementation Whitepaper. Two standard projects will be chosen to pilot the components of CEAP: Cost Impact Analysis and Cost Effectiveness Analysis.</td>
</tr>
<tr>
<td>• Alignment of standards requirements/measures with Reliability Standards Audit Worksheets (RSAWs)</td>
<td>NERC Standards Developers will include ERO compliance and enforcement staff in standards development to ensure they are auditable and enforceable. Further, compliance assessment tools, such as the RSAWs, will be developed in conjunction with the standards. Until maturity of this engagement, standards will include measures.</td>
</tr>
<tr>
<td>• The retirement of standards no longer needed to meet an adequate level of reliability</td>
<td>Began with the Paragraph 81 Phase I project. The 2013-2015 RSDP includes incorporation of Paragraph 81 principles into all projects going forward.</td>
</tr>
</tbody>
</table>

¹ Recommendations 2 and 3 (formation of RISC and Interface with Regulatory and Governmental Authorities) are not included in the table as they are outside of the standards development area.
### Table I: Mapping Standards Committee Actions to SPIG Recommendations and Board Resolution

<table>
<thead>
<tr>
<th>Action/Recommendations</th>
<th>Standards Committee Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Standards Development Process and Resource Issues — Require the standards development process to be revised to improve timely, stakeholder consensus in support of new or revised reliability standards.</td>
<td>The SC has proposed modifications to the SPM:</td>
</tr>
<tr>
<td></td>
<td>• <strong>Section 3.0:</strong> Revised drafting team composition to include lawyers and compliance experts; incorporated compliance assessment tool development, such as RSAWs, with standard drafting</td>
</tr>
<tr>
<td></td>
<td>• <strong>Section 4.0:</strong> Streamlined commenting and balloting process, including:</td>
</tr>
<tr>
<td></td>
<td>▪ Provisions for summary responses to comments and elimination of the obligation to respond in writing at every stage of the comment process;</td>
</tr>
<tr>
<td></td>
<td>▪ Eliminate negative votes without comments in the calculation of consensus;</td>
</tr>
<tr>
<td></td>
<td>▪ Provisions for quality reviews to be conducted in parallel with standard development</td>
</tr>
<tr>
<td></td>
<td>• <strong>Section 7.0:</strong> Incorporated guidance regarding the appropriate role and scope of Interpretations, to be consistent with guidance from the Board</td>
</tr>
<tr>
<td></td>
<td>• <strong>Section 13.0:</strong> Revised to reduce the requirement for periodic review to be consistent with ANSI minimum requirements</td>
</tr>
<tr>
<td></td>
<td>• <strong>Section 16 (new):</strong> Incorporation of a waiver provision to allow for modifications to the standards development process for good cause</td>
</tr>
<tr>
<td>Action/Recommendations</td>
<td>Standards Committee Actions</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td><strong>NERC Board of Trustees’ Resolution (Approved in November 2012):</strong></td>
<td></td>
</tr>
<tr>
<td>The SC and standard development teams should be accountable to the Board and the ERO, while developing and maintaining high-quality standards in a timely manner and further enabling the ERO to respond to reliability priorities.</td>
<td>The SC has also developed a Strategic Plan and a 2013-2017 Work Plan aligning it to the Board’s and ERO’s strategic goals, including increased accountability. The Work Plan transitions the SC and Standards Drafting teams towards both creating timely, high quality and RBS, as well as ensuring the process used is open, transparent and consensus construction. Further, the SC has revised its charter to be accountable to the Board and the ERO to transform the current set of standards to a body of world class standards. In addition, the SC’s enhanced charter commits to coordinate with the Reliability Issues Steering Committee, create efficiencies in the standards drafting process, address the role and terms of officers, and redefines the voting majority necessary for action.</td>
</tr>
<tr>
<td>Standard drafting teams should be staffed with a small number of industry and staff subject matter experts that includes competencies in technical, legal, drafting, compliance, and project management.</td>
<td>The SC’s revised charter and its 2013-2017 Work Plan to address standards drafting teams are small, agile and suitably equipped will appropriate skill sets to meet the reliability objectives.</td>
</tr>
<tr>
<td>The SC should manage workflow and process to ensure the timely development of high-quality, Results-Based Reliability Standards.</td>
<td>The SC has created a new subcommittee, the Project Management and Oversight Subcommittee, to work closely with NERC staff (including NERC staff’s Standard Developers) and the standards drafting teams to ensure the transformation to a comprehensive set of world-class high-quality Results-Based Reliability Standards.</td>
</tr>
<tr>
<td>The SC and NERC staff should jointly develop viable work plans to dispense with work that is no longer pertinent to reliability and aggressively pursue work that will result in a body of high-quality reliability standards that will address reliability risks.</td>
<td>The SC and NERC staff jointly developed the SC 2013-2017 Strategic Work Plan. Further, the SC members and NERC staff jointly developed the 2013-2015 RSDP, which provides a bold, new approach to address standard transformation.</td>
</tr>
</tbody>
</table>
**Standards Development Forecast (Continent-wide)**

**Board of Trustees Meetings Forecast For Projects in Active Development**

**February 2013**
- Project 2007-09 Generator Verification
- Project 2007-12 Frequency Response
- Project 2010-11, TPL Footnote b
- Project 2013-02 Paragraph 81, Phase I
- Project 2012-INT-02 TPL-003-0a and TPL-004-0 for SPCS
- Interpretation of CIP-002-3 for OGE
- Other: Standard Processes Manual Revisions

**May 2013**
- 2007-02 Operating Personnel Communications Protocols - COM-003
- 2010-14.1 Phase 1 of Balancing Authority Reliability-Based Controls: Reserves
- 2007-06 System Protection Coordination – PRC-027
- 2010-05.1 Phase 1 of Protection Systems: Misoperations

**August 2013**
- Project 2010-13.2 Generator Relay Loadability

**November 2013**
- Project 2010-17 Definition of Bulk Electric System Phase 2

**Additional Information for Selected Projects – See Addendum 1**
- Geomagnetic Disturbance Mitigation
- COM-003-1 – Operating Personnel Communications Protocols
- Outstanding Directives
- Five-Year Reviews and Paragraph 81 Phase II
- Projects and Emerging Issues

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Footnotes:
1. Note that the 2013-2015 Reliability Standards Development Plan calls for a number of projects to be initiated in early 2013, and other projects that have been in informal development to be ramped up. Those projects are not included in this forecast. Please refer to the tables for the Outstanding Directives, Five-Year Reviews, and Projects Teams in Addendum 1 to this document for initial projections for each of those work areas.
2. Rescheduled to the May Board meeting to address comments received during the formal comment period and initial ballot that ended on September 7, 2012 with a 37.68 percent approval rating.
3. Rescheduled from August 2013 due to delayed delivery of final research from the Planning Committee to support thresholds in the revised definition.
Regulatory Directives — Update

Summary of Directives
At the beginning of Q4 2012, there were 303 FERC directives or guidances remaining to be resolved:

- 206 are directives for specific action
- 97 are FERC guidances; each will be assessed by the standard drafting teams and tracked

Of the 206 directives for specific action:

- 84 are completed in current projects (58 completed in 2012, 26 upon filing in 2013)
- One has become outdated or overcome by events
- 120 are included in the 2013-2015 RSDP, targeted for 2013 completion
- One is specific to a five-year review which will be completed in 2013

<table>
<thead>
<tr>
<th>Expected Completion</th>
<th>Category</th>
<th>Directives</th>
<th>FERC Guidance</th>
<th>Total</th>
<th>Percent Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Completed with current projects</td>
<td>58</td>
<td>31</td>
<td>89</td>
<td>29%</td>
</tr>
<tr>
<td>2012</td>
<td>Outdated or overcome by events</td>
<td>1</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 or Q2 2013</td>
<td>Completed with current projects</td>
<td>26</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2013 project work plan</td>
<td>120</td>
<td>41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>Directives for a NERC committee</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>Directives for five-year reviews</td>
<td>1</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>Directives not specific to standards</td>
<td>1</td>
<td>214</td>
<td></td>
<td>71%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>206</td>
<td>97</td>
<td>303</td>
<td></td>
</tr>
</tbody>
</table>

Projects that were approved by the Board in 2012 address 58 FERC directives and 31 guidance elements (shown below as directives/guidance for each project):

Board Approved in November 2012

- Reliability Coordination (COM-001 and COM-002) – 11/3
- Protection System Maintenance and Testing – PRC-005-2 – 4/1
- Disturbance and Sabotage Reporting – CIP-001 and EOP-004 – 8/4

Board Approved in December 2012

- Cyber Security Order 706 - 35/23
In 2013, one of NERC’s strategic goals calls for resolution of all of the outstanding directives or, for those directives that cannot be resolved in 2013 due to their complexity or the need for additional technical committee research, to provide a project plan to close the directives by the end of 2014.
Standards Committee Report

This report highlights key activities of the SC and its associated subcommittees.

Addressing the SPIG Recommendations
The revisions to NERC’s standards development processes were developed in response to recommendations made to the Board by the MRC’s SPIG in May 2012, specifically Recommendations 1, 4, and 5.5

The revisions to the SPM are consistent with ANSI Essential Requirements. Specifically, the revisions are to:

- Memorialize the intent to revise drafting team composition to ensure they are appropriately equipped to meet reliability objectives (e.g. adds attorneys and compliance experts)
- Incorporate reference to compliance assessment tool development, such as RSAWs, cooperatively and in parallel with standard drafting
- Streamline commenting and balloting, including provisions for:
  - Summary responses to comments and elimination of the obligation to respond in writing at every stage of the comment process
  - Eliminating negative votes without comments in the calculation of consensus
  - Quality reviews to be conducted in parallel with standard development
- Incorporate guidance for the appropriate role and scope of Interpretations, to be consistent with guidance from the Board
- Reduce the requirement for periodic review to be consistent with ANSI minimum requirements
- Incorporate a waiver provision to allow for modifications to the standards development process for good cause, with five days notice and reporting of the exercise of a waiver to the Board’s Standards Oversight and Technology Committee.

The revisions were developed by the SC Process Subcommittee, and, since June 2012, were posted for three stakeholder comment periods, an initial ballot, successive ballot, and a recirculation ballot. The recirculation ballot concluded in January 2013. The results of the recirculation ballot were not available at the time these materials were distributed and will be reported at the meeting.

A small number of changes are needed to the Rules of Procedure to reflect the revisions to the SPM. Those changes will be brought to the Board for action at a later date. In addition, some aspects of the SPIG’s recommendations, such as those related to the makeup of drafting teams, improved project management discipline for standards projects, and development of results-based standards, do not require specific changes to the SPM, and work is ongoing to implement those changes at the appropriate phases of each active and future standards project.

Addressing the Board of Trustees’ November 2012 Resolution
To address the Board’s November 2012 resolution, the SC developed a five-year strategic plan and work plan, as well as enhanced its charter:

Standards Committee Strategic Plan and Work Plan

The SC approved a Strategic Plan to align the SC’s work with the ERO’s strategic direction, along with a SC Strategic Work Plan that includes specific tasks and milestones for executing the plan, at its January 2013 meeting. The SC Strategic Plan aligns closely with the November 2012 Board resolution and forms the basis for enhancements to the SC’s Charter.

The SC Strategic Plan sets forth the vision and mission for the SC. Further, the plan describes the guiding principles, and sets the foundation for refocusing the activities of the SC.

Based on this plan, a companion SC Strategic Work Plan was developed, which is the tactical implementation plan of the SC Strategic Plan. This work plan is meant to be a living document that addresses the current strategic issues facing the SC. The SC Strategic Work Plan covers the period from 2013-2015. To ensure the SC Strategic Work Plan is current and consistent with the SC Strategic Plan, an annual fourth quarter review shall be completed as part of the overall development of the RSDP, and updates to the SC Strategic Work Plan will be made as needed.

**Standards Committee Charter**

[Standards Committee Charter-Clean]
[Standards Committee Charter-Redline to Last Approved]

The proposed enhancements to the SC Charter align the charter with the SC’s Strategic Plan and were approved by the SC at its January 2013 meeting. The proposed enhancements include the following duties and responsibilities for the SC:

- Appointment, monitoring, and direction of agile and focused standard drafting teams with subject matter experts that include a facilitator, a technical writer, and compliance, legal, and regulatory experts.
- Coordination with the Reliability Issues Steering Committee to develop a reliability standards development plan that prioritizes and aggressively pursues work that will result in a body of high-quality, results-based standards.
- Establishing and facilitating the informal and formal collaborative, consensus building processes with stakeholder groups and NERC standing technical, and regional committees throughout all stages of reliability standards development.
- Establishing a quality assurance and quality control for reliability standards that addresses factors, including clarity, completeness, sufficient detail, rational result, auditability and enforceability as well as compatibility with existing reliability standards.
- Requests input from the Board on the selection of the Chair and Vice Chair, and reinforces the SC’s accountability to the Board.
- Development of a long-term, multi-year strategic vision that describes the goals and direction for the development of reliability standards consistent with the strategic and business plans of NERC.

**Additional Standards Committee Activities**

The 2013-2015 RSDP (see details in Addendum 1), approved by the Board in December 2012, sets a new direction and bold goals for 2013 that are aligned with the Board’s vision for standards development. The plan sets the direction to transform from the current set of reliability standards to a world-class body of standards that ensure the reliability of the North American bulk power system. The plan sets a number of ambitious goals for 2013, focused on three main areas:

1. Completion of existing projects and conducting new projects that either support high risk reliability issues or emerging issues in a timely and efficient manner.
2. Conducting five-year reviews on standards that are due for assessment and have not been revised in recent standards development projects.
3. Addressing remaining outstanding FERC directives and filing the resulting standards with applicable regulatory authorities.
In January 2013, the SC approved several items to support those goals, including appointment of drafting teams and solicitation for volunteer subject matter experts to conduct five-year reviews.

The SC meets monthly and its meeting minutes are posted at Standards Committee Minutes.
2013 Work Plan

The 2013-2015 RSDP was developed by NERC staff working with select SC members, and was approved by the full SC and Board in December 2012. For 2013, the RSDP sets out an aggressive plan to address three major work areas, beginning the journey to transform the current body of standards to a stable body of world-class standards. The three work areas identified as necessary to accomplish this goal are:

1. **Projects** – Current projects must be completed in a timely manner to resolve the identified reliability concerns that created the projects. A team will address the projects that were included in the 2012-2014 RSDP to develop project plans and complete them in 2013. This work area also includes new projects that either address high-risk reliability issues or other emerging issues. As part of these activities, RBS drafting concepts and Paragraph 81 concepts will be applied. In the event that a project is sufficiently close to completion that applying these concepts would substantially delay completion, the standard(s) will be scheduled for further review in a future project.

2. **Reviews** – Five-year reviews must be conducted on standards that are due for assessment or have not yet been revised through other standards development projects. A comprehensive review will include application of the RBS drafting concepts and Paragraph 81 concepts, and will also review each standard’s relationship to other standards to eliminate duplicative requirements.

3. **Directives** – FERC directives across all orders must be addressed and the results filed. Completion of these projects includes application of the RBS drafting concepts and Paragraph 81 concepts. In the event that a drafting team or industry determines that the directive is no longer meaningful for reliability (whether due to application of the Paragraph 81 standards, the directive is no longer pertinent, or for another reliability-based reason), a filing with FERC may be considered to resolve the directive.

Additional details about specific projects that will be undertaken in 2013 in each of these areas are included in Addendum 1 to this report.
Addendum 1

Additional Information for Selected Projects

Project 2013-03 Geomagnetic Disturbance Mitigation (GMD)
NERC staff has developed a project action plan to meet the proposed filing deadlines contained in the Commission's Notice of Proposed Rulemaking (Docket No. RM12-22). Initial efforts in advance of final order include: 1) filing NOPR comments to guide the final order toward a product- and technology-neutral position that maintains proper distinction between GMDs and Electromagnetic Pulses (EMPs); 2) early engagement with the GMD Task Force to establish technical foundations for the standards and alignment with ongoing task force projects; and 3) developing an action plan for developing technically sound standards that include multiple opportunities for stakeholder comment, should a final order direct such development.

The GMD Task Force is conducting technical work that will support the development of first stage standards for GMD operating procedures, including the review of industry best practices to prepare for, monitor, and respond to GMD events. Transmission system experts have created a template for operating procedures and the task force will host an open technical conference in February that will include an opportunity for stakeholders to discuss operating procedures and best practices. Task force products are briefed to the Planning and Operating Committees for robust consensus building on technical issues. Tasks related to the development of second stage standards for vulnerability assessments are being reviewed by the Planning Committee for possible acceleration.

Potential Issues
Stakeholder consensus for the proposed second stage standards (Vulnerability Assessments and Mitigation Planning) is predicated on addressing the science and engineering needed to complete the assessments. Further, technical research is needed to reach industry agreement on the full effects of GMD on the power system, the regional nature of GMD, and the need for tools and models for assessing equipment susceptibility and mitigation effectiveness. NERC staff will facilitate consensus by drawing on the technical expertise of the GMD Task Force and providing opportunities for stakeholder dialogue through posting of technical research for comment, open technical conferences, and a robust communication plan.

Planned Schedule for Board Action
Current project efforts support deadlines contained in the Commission's NOPR, which require NERC to file: 1) first stage standards for GMD operating procedures within 90-days of final rule, and 2) second stage standards for GMD vulnerability assessments and mitigation planning within six months of final rule. Board action is expected to be required between June and August 2013 for first stage standards and between September and November 2013 for second stage standards (subject to the date of final order from FERC).
Project 2007-02 – COM-003-1 Operating Personnel Communications Protocols

COM-003-1 addresses using communication protocols when issuing Operating Instructions. This standard is part of a communications package that includes COM-001-2 and COM-002-3. It is meant to address a 2003 Blackout Report recommendation, FERC directive, and Board direction.

The third draft of COM-003-1 posted for stakeholder comment and ballot incorporated an entity’s ability to correct deficiencies in certain requirements to address the zero defect concerns expressed by commenters. This, in essence, enables industry to find and correct deficiencies without compliance penalty, thereby creating established routines for entities to use for protocols in communications. This approach complements COM-002-3, which requires an entity to use three-part communication whenever an entity identifies a communication as a Reliability Directive.

There is no imposed deadline for this project; however, in February 2012, when the Board adopted the COM-002-2 interpretation, the Board requested that COM-003-1 be expedited:

“FURTHER RESOLVED, that the board directs the Standards Committee to complete developmental activities on proposed Reliability Standard COM-003 on a high priority basis; ...”

The last successive ballot received a 53.57 percent approval rating, a slight increase of three percent over its previous ballot. It is apparent that the current path of development is not expeditiously resulting in a standard that is acceptable to stakeholders while meeting the outstanding FERC directive on communications and the resolution adopted by the Board in February 2012.

After careful consideration of available options, the following path for standard development has been developed:

1. Convene a technical conference February 14-15, 2013 with the drafting team and industry to discuss comments, develop solutions, and build industry consensus. A one-day meeting over a two-day period (afternoon of first day, morning of second) would include presentations on the issues identified by industry comments, FERC directives, and the blackout report recommendations. Further, two or three panels could be assembled to discuss the key issues and attempt to build consensus.

2. The drafting team will meet subsequent to the technical conference to develop an enhanced draft standard, with posting to industry in February.

3. The drafting team will meet in April to consider comments and post for 10-day recirculation ballot.

4. Anticipated Board consideration: May 2013

Potential Issues

The main issue for this standard is whether it will be possible to develop industry consensus while addressing the FERC directive.

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6 Operating Instruction —Command from a System Operator to change or preserve the state, status, output, or input of an Element of the Bulk Electric System or Facility of the Bulk Electric System.

7 Reliability Directive: A communication initiated by a Reliability Coordinator, Transmission Operator, or Balancing Authority where action by the recipient is necessary to address an Emergency or Adverse Reliability Impact.
Project 2010-17 Definition of Bulk Electric System

With the issuance of Order 773 on December 20, 2012, entities should be preparing for the implementation of the revised definition of Bulk Electric System (BES). The approved Implementation Plan for the project calls for the revised definition to go into effect on the first day of the second calendar quarter after applicable regulatory approval. However, compliance obligations for all newly identified elements included by the revised definition begin 24 months after the applicable effective date of the definition. Therefore, entities should now be preparing a database of assets showing those assets that are included in the BES and those that are not. Each entity will use this data to determine whether any of its assets require evaluation through the exception process for exclusion or inclusion.

The Standard Drafting Team (SDT), as part of its Phase 1 efforts, has determined that there are no required changes to applicability in any of the reliability standards so entities do not need to be concerned about changing obligations within specific standards.

The SDT is continuing with Phase 2 of the project. The focus of Phase 2 efforts is to provide additional clarity to the definition and to resolve technical justification issues with threshold values. This work is scheduled to be completed in the fourth quarter of 2013.

Planned Schedule for Board Action

The SDT is continuing with Phase 2 of the project. The focus of Phase 2 efforts is to provide additional clarity to the definition and to resolve technical justification issues with threshold values. This work is scheduled to be completed in the fourth quarter of 2013.

BAL-012-1 – Operating Reserve Policy

BAL-012-1 – Operating Reserve Policy requires Responsible Entities to develop and document policies that will detail the appropriate mix of Operating Reserves. BAL-012-1, as part of the Resources and Demand Balancing body of Reliability Standards, is related to BAL-003-1 – Frequency Response, which addresses Frequency Response and Bias.

In Order No. 693, the Federal Energy Regulatory Commission (FERC) directed NERC (at P 372) to:

“either modify [BAL-003] or develop a new Reliability Standard that defines the necessary amount of frequency response needed for Reliable Operation and methods of obtaining and measuring that frequency response is available.”

BAL-003-1 meets this directive and provides a method of measuring frequency via FRS Form 1; the underlying data retained by the BA will be used for measuring whether Frequency Response was provided. FRS Form 1 will provide guidance on how to account for and measure Frequency Response. BAL-012-1 complements BAL-003-1 by providing NERC a method to “measure” that frequency response is available.

BAL-003-1 was approved by stakeholders in December 2012 with a quorum of 86.19% and an approval rating of 76.53%. The standard will be presented to the NERC Board of Trustees for adoption in February 2013 and must be filed with the Commission by May 31, 2013.

Since BAL-012-1 supports BAL-003-1 in meeting a Commission directive, it would be beneficial to submit BAL-012-1 for filing to complement BAL-003-1. BAL-012-1 was posted for a formal comment period and initial ballot through January 14, 2013, and achieved an approval of only 22% of the ballot pool.

Potential Issues

Stakeholder concerns from the initial ballot and formal comment period include concerns that the standard is not needed to address the Order 693 directive, is overly administrative and, as currently drafted, requires clarification to eliminate the potential that entities could be found non-compliant as a result of clerical errors made by others.

Planned Schedule for Board Action

The project schedule calls for BAL-012-1 to be presented for Board adoption in May 2013.
## Outstanding Directives

### Action Plan for Directives Team

<table>
<thead>
<tr>
<th>Priority Issue</th>
<th>Proposed Activity</th>
<th>Abstract</th>
<th>Deliverables</th>
<th>Targeted Milestones Project Plans to be Developed with SAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency Response Directives and issues Project 2007-12 Frequency Response</td>
<td>The proposed standard would set a minimum Frequency Response obligation for each Balancing Authority (BA), provide a uniform calculation of Frequency Response and Frequency Bias Settings that transition to values closer to natural Frequency Response, and encourage coordinated Automatic Generation Control operation.</td>
<td>BAL-003</td>
<td>Presented to BOT – 02/2013 Filed with FERC – 05/2013</td>
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</tr>
<tr>
<td>BARC Directives and issues Project 2010-14.1 Balancing Authority Reliability-based Controls</td>
<td>The purpose is to ensure that BAs take actions to maintain interconnection frequency while contributing its fair share to frequency control.</td>
<td>BAL-012</td>
<td>Initial Ballot – 01/2013 Recirculation Ballot – 03/2013 Presented to BOT – 05/2013 Filed with FERC – 05/2013</td>
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</tbody>
</table>
| Priority Issue | Proposed Activity | Abstract | Deliverables | Targeted Milestones
Project Plans to be Developed with SAR |
|----------------|-------------------|----------|--------------|-------------------------------------|
| MOD B – Modeling Data Project 2010-03 Modeling Data | Develop and achieve approval on reliability standards that clearly identifies model data requirements needed to simulate the Bulk Electric System (BES). This project addresses 2003 Blackout Report recommendations. | MOD-010
MOD-011
MOD-012
MOD-013
MOD-014
MOD-015 | Research Complete – 01/2013
Informal Outreach – 01/2013
SAR Developed – 05/2013
Initial Comment Period/Ballot – 06/2013
Recirculation Ballot – 09/2013
Presented to BOT – 11/2013 |
| MOD C – Demand Data Project 2010-04 Demand Data | Develop and achieve approval of reliability standards that clearly identifies demand data requirements needed to model the BES. This project addresses the 2003 Blackout report recommendations. | MOD-016
MOD-017
MOD-018
MOD-019
MOD-020
MOD-021 | Research Complete – 03/2013
Informal Outreach – 03/2013
SAR Developed – 06/2013
Initial Comment Period/Ballot – 07/2013
Recirculation Ballot – 09/2013
Presented to BOT – 11/2013 |
| PER Directives Project 2010-01 Support Personnel Training | Develop and achieve approval on reliability standards that require the use of a systematic approach to determine training needs of generator operators, operations planning, and support staff who have a direct impact on the reliable operations of the bulk power system (BPS). | PER-002
PER-005 | Research Complete – 04/2013
Informal Outreach – 04/2013
SAR Developed – 06/2013
Initial Comment Period/Ballot – 07/2013
Recirculation Ballot – 09/2013
Presented to BOT – 11/2013 |
| FAC Directives | Collect outage data for transmission outages of lines that cross both federal and non-federal lands, analyze it, and use the results to develop a standard that would apply to both federal and non-federal lands. | Outage data collected by the appropriate party, whether it is TADS, Region or NERC. Possible new standard | Research Complete – 04/2013
Informal Outreach – 04/2013
SAR Developed – 06/2013
Initial Comment Period/Ballot – 07/2013
Recirculation Ballot – 09/2013
Presented to BOT – 11/2013 |
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<tr>
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<tbody>
<tr>
<td>VAR Directives Project 2008-01</td>
<td>Develop and achieve approval on the existing VAR-001 and VAR-002 Reliability Standards to be more specific in defining voltage and reactive power schedules. Consideration should be given to adding a requirement for the Reliability Coordinator to monitor and take action if reactive power falls outside identified limits.</td>
<td>VAR-001 VAR-002</td>
<td>Informal Outreach – 02/2013 SAR Developed – 06/2013 Initial Comment Period/Ballot – 07/2013 Recirculation Ballot – 09/2013 Presented to BOT – 11/2013</td>
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<tr>
<td>Close out one Registry Directive</td>
<td>Consider whether NERC should register demand side aggregators if the loss of their load shedding capability, for reasons such as a cyber incident, would affect the reliability or operability of the BPS.</td>
<td>Consider whether the Compliance Registry needs to be updated Consider whether the definitions of Demand Response and Direct Load Control need to be added to the NERC Glossary</td>
<td>Informal Outreach – 01/2013 SAR Developed – 03/2013 Initial Comment Period/Ballot – 03/2013 Recirculation Ballot – 04/2013 Presented to BOT – 11/2013</td>
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</table>
### Action Plan for Five-Year Reviews Team

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<tr>
<th>Priority Issue</th>
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</table>

Revise the set of Coordinate Interchange standards to 1) ensure that each requirement is assigned to an owner, operator or user of the bulk power system, and not to a tool used to coordinate interchange, 2) to address the Interchange Subcommittee’s concerns related to the Dynamic Transfers and Pseudo-ties, and 3) to address previously identified stakeholder comments and applicable directives from Order 693.
<table>
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<tr>
<th>Priority Issue</th>
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<th>Targeted Milestones</th>
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</table>
| Project 2009-03 Emergency Operations   | Several EOP standards may be merged into a single standard. There are some requirements in IRO-001 that may be improved and merged into the new EOP standard. In addition, a comprehensive review will be conducted of the entire EOP family of standards. | Review/Revise: EOP-001-2b
EOP-002-3
EOP-003-1
EOP-004-2 (P81, RBS)
EOP-005-2 (P81, RBS)
EOP-006-2 (RBS)
EOP-008-1 (RBS)
EOP-009-1
IRO-001-5                                                                 | Informal outreach and SMEs assembled for comprehensive review – Q1 2013
Review results/assessment posted for industry comment – Q1 2013
Comments reviewed; SAR revised, SDT appointed – Q2 2013
Initial Ballot – Q2 2013
Successive Comment Period – Q3 2013
Recirculation Ballot – Q4 2013
Present to BOT – 2/2014 |
| Project 2009-02 Real-time Reliability Monitoring and Analysis Capabilities | Create new or revise existing standards to establish requirements for the monitoring and analysis capabilities provided to System Operators to support Real-time System Operations. The project will address availability parameters, performance metrics, and procedures for failure notification, maintenance coordination, and change management. | New Standard(s) | Informal outreach and review/respond comments on white paper posted in 2011 – Q2 2013
Initial Ballot – Q3 2013
Recirculation Ballot – Q4 2013
Present to BOT – 2/2014 |
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<tr>
<th>Priority Issue</th>
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<tr>
<td>Project 2010-11 TPL Footnote ‘b’</td>
<td>FERC Order RM06-16-009 which required the ERO to clarify TPL-002-0, Table 1 — footnote ‘b’, regarding the planned or controlled interruption of electric supply where a single contingency occurs on a transmission system, by June 30, 2010. The Standard Authorization Request provides a revision to TPL Table 1 footnote ‘b’ to provide clarity to industry with regard to the planned or controlled interruption of electric supply where a single contingency occurs on a transmission system. The referenced table appears in TPL-001, TPL-002, TPL-003, and TPL-004. Accordingly, while the FERC Order applied to TPL-002, the change is reflected in all 4 proposed standards.</td>
<td>Revised Footnote to be included in: TPL-001, TPL-002, TPL-003, TPL-004</td>
<td>Recirculation Ballot – 1/2013 Presented to BOT – 2/2013</td>
<td></td>
</tr>
<tr>
<td>Project 2010-17 Definition of Bulk Electric System</td>
<td>This project will revise the definition of Bulk Electric System (BES) to address various Federal Energy Regulatory Commissions (FERC) concerns the definition must be modified to encompass all Elements and Facilities necessary for the reliable operation and planning of the interconnected bulk power system. These concerns have been identified in FERC Order No. 693 issued on March 16, 2007 and in Order No. 743 issued on November 18, 2010 (Order No. 743). The project will also consider additional modifications (beyond those established in the regulatory directives) to improve clarity, to reduce ambiguity and to establish consistency across all Regions in distinguishing between BES and non-BES Elements and Facilities.</td>
<td>Revise: Definition of Bulk Electric System</td>
<td>Initial Ballot – Q1 2013 Successive Ballot – Q2 2013 Recirculation Ballot – Q3 2013 Presented to BOT – 2/2014</td>
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<td>Project 2012-09 IRO Review</td>
<td>This project will conduct a comprehensive review of the IRO set of standards.</td>
<td>Various IRO standards</td>
<td>Informal outreach and SMEs assembled for comprehensive review – Q1 2013 Review results/assessment posted for industry comment – Q1 2013 Comments reviewed; review results posted – Q2 2013 SAR developed, SDT appointed – Q2 2013 Initial Ballot – Q3 2012 Recirculation Ballot – Q4 2013 Presented to BOT – 2/2014</td>
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<td>Project 2013-03 Geomagnetic Disturbance Mitigation Measures</td>
<td>Standard development will begin when directed by FERC. Technical research ongoing.</td>
<td>New or Revised Standard TBD</td>
<td>Informal outreach Q1 2013 SAR Completed – Q1 2013 Initial Ballot (Phase 1) – Q2 2013 Successive Comment Period (Phase 1) – Q3 2013 Initial Ballot (Phase 2) – Q2 2013 Recirculation Ballot (Phase 1) – Q3 2013 Recirculation Ballot (Phase 2) – Q4 2013 Presented to BOT (Phase 1) – 11/2013 Presented to BOT (Phase 1) – 1/2014</td>
<td></td>
</tr>
<tr>
<td>Project 2010-02 Connecting New Facilities to the Grid</td>
<td>This project will ensure all of the elements that impact bulk power system reliability will be addressed when a new facility is connected to the grid are included in the revised standards. In addition, a comprehensive review of FAC-001 and -002 will be done to address suggestions for improvement, possible consolidation and for requirements to be considered for retirement under Paragraph 81 submitted by stakeholders, other drafting teams, and FERC staff.</td>
<td></td>
<td>Informal outreach and SAR revised – Q1 2013 Initial Ballot – Q2 2013 Recirculation Ballot – Q3 2013 Presented to BOT – 11/2013</td>
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</table>
### Projects and Emerging Issues

#### Action Plan for Projects Team

<table>
<thead>
<tr>
<th>Priority Issue</th>
<th>Project Number</th>
<th>Project Name</th>
<th>Abstract</th>
<th>Deliverables</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2007-02</td>
<td>2007-02</td>
<td>Operating Personnel Communication Protocols</td>
<td>This standard will require the use of specific communication protocols, especially for communications during alerts and emergencies. The standard will be applicable to transmission operators, balancing authorities, reliability coordinators, generator operators (GOPs) and distribution providers. Requirements will include protocols for communicating changes to real-time operating states and protocols for issuing and responding to Operating Instructions.</td>
<td>COM-003</td>
<td>Recirculation Ballot – 01/2013&lt;br&gt;Presented to BOT – 02/2013</td>
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<td></td>
<td>2007-06</td>
<td>System Protection Coordination</td>
<td>Review PRC-001-1 to assure that Protection System application and performance issues are coordinated among all related entities. It will ensure the applicable entities within the standard correctly reflect the functional responsibilities, as described in the NERC Functional Model. The project will also incorporate other general improvements, address directives received from ERO regulatory authorities, and consider the observations and recommendations developed by the NERC System Protection and Control Task Force.</td>
<td>PRC-001, PRC-027</td>
<td>Recirculation Ballot – 02/2013&lt;br&gt;Presented to BOT – 05/2013</td>
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</table>
| Project Number | Project Name | Abstract | Deliverables | Targeted Milestones
Project Plans to be Developed with SAR |
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<tr>
<td>2007-17.2</td>
<td>Protection System Maintenance and Testing</td>
<td>This project will modify the PRC-005 standard to ensure that reclosing relays are maintained and tested.</td>
<td>PRC-005</td>
<td>Initial Comment Period/Ballot – 07/2013 Recirculation Ballot – 09/2013 Presented to BOT – 11/2013</td>
</tr>
<tr>
<td>2010-05.1</td>
<td>Phase 1 of Protection Systems: Misoperations</td>
<td>This project addresses a key element for Bulk Electric System (BES) reliability: the correct performance of Protection Systems. Monitoring BES Protection System events to identify and correct the root causes of Misoperations will improve overall Protection System performance.</td>
<td>PRC-003 PRC-004</td>
<td>Successive Ballot – 02/2013 Recirculation Ballot – 04/2013 Presented to BOT – 05/2013</td>
</tr>
<tr>
<td>2013-01</td>
<td>Cold Weather Preparedness</td>
<td>To require Generator Owners (GOS)/GOPs to report generating unit capabilities based on anticipated winter weather using criteria developed by the standard drafting team using stakeholder input. GO/GOPs must ensure winter weather preparation plans are created, maintained, implemented and monitored as appropriate to help ensure generating units can operate to the criteria developed above. The plans shall include appropriate annual winterization measures.</td>
<td>New Standard</td>
<td>SAR Developed – 02/2013 Initial Comment Period/Ballot – 07/2013 Recirculation Ballot – 09/2013 Presented to BOT – 11/2013</td>
</tr>
<tr>
<td>Project Number</td>
<td>Project Name</td>
<td>Abstract</td>
<td>Deliverables</td>
<td>Targeted Milestones Project Plans to be Developed with SAR</td>
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<tr>
<td>2010-16</td>
<td>Definition of System Operator</td>
<td>This project will revise the existing definition of System Operator to remove the inclusion of “Generator Operator.” This change would avoid the confusion caused by the use of the term “System Operator” in reference to the real-time operating personnel who work for GOPs. Inaccurate definitions results in misconception of responsibilities and expectations which can negatively impact reliability.</td>
<td>Revised definition</td>
<td>Initial Comment Period/Ballot – 03/2013 Successive Ballot – 05/2013 Recirculation Ballot – 06/2013 Presented to BOT – 8/2013</td>
</tr>
<tr>
<td>2010-14.2</td>
<td>Phase 2 of Balancing Authority Reliability-based Control: Time Error, Automatic Generation Control (AGC), and Inadvertent Accounting</td>
<td>This project will consider the Time Error Correction, AGC, and Inadvertent Accounting standards to determine what changes, if any, are necessary to ensure the standards are clear and unambiguous. This project will be reviewed to determine if it is still necessary, and if so, what the appropriate scope of the project is.</td>
<td>Revise: BAL-004-0 BAL-005-0.1b BAL-006-2</td>
<td>Review of Project – Q2 2013 Revised scope, SAR – Q3 2013</td>
</tr>
</tbody>
</table>
Agenda Item 7  
MRC Meeting  
February 6, 2013

Special Report and Policy Input for Paragraph 81 Phase 2

Action  
None

Background  
The NERC Reliability Standards Development Plan 2013-2015 (RSDP) sets out an aggressive plan to transition the existing set of NERC Reliability Standards to a clear, concise, and stable body of world-class, high-quality reliability standards that maintain the reliability of the bulk power system. At the same time, this plan brings the electric reliability organization (ERO) standards program into alignment with its obligations to address regulatory directives and conduct five-year reviews of all standards within the plan’s 2013-2015 time horizon.

Bringing the ERO standards program into alignment with its obligations will require that, during 2013, 74 of the 105 reliability standards that are currently enforceable in the U.S. will be under development or review, with aggressive schedules that call for completion of revisions or reviews of 64 standards by the end of 2013 and the remaining 10 in 2014.

Of the remaining 31 currently enforceable reliability standards that are not scheduled to undergo revision or review in 2013, 25 are proposed for retirement or replacement as a result of revisions and consolidations completed in 2012. An additional four will be retired and replaced as a result of revisions completed in 2013, all subject to regulatory approval.

In view of the large number of standards that will undergo review or revision in 2013, and to make efficient use of industry resources required to staff drafting teams and review drafting team work products, an ad hoc team of Standards Committee members, working with NERC to develop the 2013-2015 RSDP, recommended that Phase 2 of Paragraph 81 be pursued across all active projects, rather than as a stand-alone project. This approach makes efficient use of industry subject matter experts and minimizes the potential coordination issues associated with two separate drafting teams concurrently revising the same standard.

The Paragraph 81 drafting team developed criteria to be applied in evaluating each candidate requirement, and solicited stakeholder recommendations of requirements to be retired, consolidated, or revised in future phases. Both the criteria and list of possible Phase 2 requirements will be provided to all standard drafting and five-year review teams, with a worksheet for the teams to document their consideration of requirements to be retired or consolidated.

The number of requirements that are removed resulting from the Phase 2 of Paragraph 81 effort will be identified in NERC’s filings of standards with the Commission and tracked throughout the year for presentation to industry.

Discussion and input is sought on the approach outlined above, and outreach to industry on its implementation.
Status Report and Policy Input for Select Standards Projects (8.a-d)

Action
None

Background
The Reliability Standards Status Report, Addendum 1: Additional Information for Selected Projects (Reports enclosed as Attachment 1 to Agenda Item 6c) contains information on select projects for which the MRC or the Board of Trustees (Board) has requested information. The addendum provides information regarding the following projects:

- COM-003-1 Operating Personnel Communications Protocols
- Definition of Bulk Electric System
- BAL-012-1 Operating Reserve Policy
- Geomagnetic Disturbance Mitigation

In addition, Addendum 1 contains information of the following action plans from the 2013-2015 Reliability Standards Development Plan:

- Outstanding Directives — Action Plan for Directives Team
- Five-Year Reviews and Paragraph 81, Phase 2 — Action Plan for Five-Year Reviews Team
- Projects and Emerging Issues — Action Plan for Projects Team
Reliability Issues Steering Committee (RISC) Update

Action
None

Background
The Reliability Issues Steering Committee (RISC) is an advisory committee that reports directly to the NERC Board of Trustees (Board) and triages and provides front-end, high-level leadership and accountability for nominated issues of strategic importance to bulk power system (BPS) reliability. The RISC assists the Board, NERC standing committees, NERC staff, regulators, Regional Entities, and industry stakeholders in establishing a common understanding of the scope, priority, and goals for the development of solutions to address these issues. 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 of the BPS. Benefits of the RISC include improved efficiency of the NERC standards program. In some cases, that includes recommending reliability solutions other than the development of new or revised standards and offering high-level stakeholder leadership engagement and input on issues that enter the standards process.

To carry out its responsibility for steering, developing, formalizing and organizing recommendations to help NERC and the industry effectively focus resources on the critical issues, the RISC has completed an initial assessment of all ongoing efforts at NERC and makes this report to catalogue the RISC recommendations.

Summary
Chris Schwab, Chair, will review the RISC’s recommendations and ask the Board to accept them. The recommendations are as follows:

- The Board adopt this strategic prioritization and endorse continued work by the RISC on a gap analysis on the high priority and then the medium priority issues.
- The Board direct NERC to incorporate these priority rankings into the development of ERO business plans, and direct NERC standing committees to incorporate these priority rankings into the development of their plans - including empowering committees to stop or defer lower priority work.
- The Board direct the RISC to work with NERC staff and standing committees’ leadership to create a results-driven reliability strategy development process that integrates with budget development and overall ERO planning (e.g., standing committee planning, department and employee goal setting).
Future MRC Agenda Topics for 2013

Action
Discuss proposed topics for future MRC agendas and policy input to the Board of Trustees (Board) in 2013.

Background
The MRC serves a unique advisory role, as set forth in the NERC Bylaws, to elect the NERC Trustees, approve changes to NERC’s bylaws, and advise the Board on various policy-related issues. The principal responsibility of the MRC is to inform the Board. The MRC often assesses the progress and effectiveness of the NERC programs and provides feedback to the Board on current issues that interest or impact industry. The MRC’s input to the Board often occurs through written form, at the request of the Chair of the Board, and through discussion at its face-to-face meetings one day prior to the Board’s quarterly meetings.

Over the last several years, the MRC has attempted several different formats for providing their valuable input to the Board each quarter. At one time, the MRC provided presentations from individual entities that demonstrated their excellence to reliability. At other times, the MRC provided summaries of emerging and informational issues, some of which were discussed during conference call meetings of the MRC where all members of the Board may not have been present to participate. Additionally, the MRC has formed small policy groups (BES/ALR, SPIG, ERO scope and business planning, etc.) to provide input. On a more regular basis, the MRC has provided written policy input that was submitted at the request of the Board Chair.

Status
At the February 6, 2013 meeting, Carol Chinn, chair and John A. Anderson, vice-chair plan to discuss mechanisms for continuing the MRC’s effective communication with the Board and decide on topics of interest for future agendas and policy input for 2013.
Update on Regulatory Matters
(as of January 18, 2013)

Action
None

Regulatory Matters in Canada

1. The second agreement among the North American Electric Reliability Corporation NERC, the Régie de l’Énergie Québec and the Northeast Power Coordinating Council regarding implementation of mandatory Reliability Standards in Québec has been developed, and the agreement is under consideration by the provincial government. The Régie has issued a decision adopting a first group of Reliability Standards for Québec, and a calendar for the next steps including technical conferences for an additional set of standards was established in a letter dated December 9, 2012. TransÉnergie as the Québec RC has initiated a consultation process on 18 NERC standards that have not yet been filed with the Régie.

2. Manitoba has adopted all NERC Reliability Standards that were in effect as of March 2012 and is developing its process to adopt new and revised Reliability Standards. On April 1, 2012, the Province of Manitoba enacted the Reliability Standards Regulation, which makes compliance with NERC Reliability Standards a legal requirement in Manitoba.

3. British Columbia has vested the British Columbia Utilities Commission with authority to levy monetary penalties for violations. The Commission has established an Inquiry to consider processes for assessing severity and risk for violations and a possible exception process to the British Columbia Rules of Procedure that govern its Mandatory Reliability Standards regime (this relates primarily to Bulk Electric System definition).

4. NERC has filed petitions for approval of interpretations of several Reliability Standards, as well as for approval of various proposed Reliability Standards in Alberta, British Columbia, Manitoba, National Energy Board (NEB), Nova Scotia, Ontario, Québec, New Brunswick, and Saskatchewan.

5. New Brunswick is preparing legislation that will change how the reliability compliance and enforcement program is administered within the province. This is expected to be introduced early in 2013.

6. The NEB issued an order on December 6, 2012 imposing mandatory Reliability Standards on international power lines (IPL) under the NEB’s jurisdiction. The NEB is developing an approach on Administrative Monetary Penalties that might be applicable, as appropriate for violation of reliability standards.


8. On September 24, 2012, NERC provided a Notice of Filing of the NERC 2013 Business Plan and Budget (BPB) and the 2013 BPB of the Regional Entity and of Proposed
Assessments to Fund Budgets to Alberta, British Columbia, Manitoba, NEB, New Brunswick, Nova Scotia, Ontario, Québec, and Saskatchewan.

**FERC Orders Issued Since the Last Update**

1. October 24, 2012 – The Federal Energy Regulatory Commission (FERC or Commission) issued an Order approving NERC’s 2011 Budget True-Up Filing showing comparisons between budgeted and actual expenditures, audited financial statements, and administrative cost metrics for itself and the eight Regional Entities for the 2011 fiscal year in compliance with previous Commission orders. *Docket No. RR12-11-000*

2. October 24, 2012 – FERC issued an Order approving the amendments to the ReliabilityFirst Corporation Delegation Agreement, consisting of amendments to ReliabilityFirst Corporation’s Bylaws and Reliability Standards Development Procedure. *Docket No. RR12-12-000*

3. October 26, 2012 – FERC issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP12-45-000 Unidentified Registered Entity; NP12-46-000 Unidentified Registered Entity; and NP12-47-000 Spreadsheet Notice of Penalty*

4. November 8, 2012 – FERC issued an Order granting approval for the renewal of the Compliance Monitoring and Enforcement Agreements between SERC Reliability Corporation and Florida Reliability Coordinating Council, Inc. and Southwest Power Pool Regional Entity. In addition, FERC approved changes to the Florida Reliability Coordinating Council, Inc. and Southwest Power Pool Regional Entity Delegation Agreements relating to the revised Compliance Monitoring and Enforcement Agreements. *Docket No. RR12-10-000*


6. November 15, 2012 – FERC issued an Order directing FERC staff to convene two technical conferences, directing Regional Transmission Owners and Independent System Operators to report progress to the Commission, and directs staff to report progress on regional efforts in gas-electric coordination. *Docket No. AD12-12-000*

7. November 29, 2012 – FERC issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP13-1-000 Unidentified Registered Entity; NP13-2-000 TransAlta Centralia Generation, LLC; NP13-3-000 Bear Swamp Power Company, LLC; NP13-4-000 Unidentified Registered Entity; and NP13-5-000 Spreadsheet Notice of Penalty*

8. December 7, 2012 – FERC issued a notice of a Request for Comments and Technical Conference to gather input on information sharing and communications between the natural gas and electric power industries. The technical conference will be held on February 13, 2013 at the FERC offices. In advance of the conference, interested parties are asked to submit comments identifying areas in which additional Commission guidance or regulatory changes should be considered. Question prompts for the comments are included in this notice, and comments are due on January 7, 2013. *Docket No. AD12-12-000*
9. December 12, 2012 – FERC issued an Order approving NERC’s interpretation to CIP-004-4. The proposed interpretation clarifies that all cyber access must be authorized, and all authorized cyber access requires compliance with Requirements R2, R3, and R4 of CIP-004-4. *Docket No. RD12-6-000*

10. December 20, 2012 – FERC issued an Order addressing requests for rehearing on: (1) the intra-hour scheduling and forecasting reforms adopted in Order No. 764; (2) statements addressing public utility transmission provider’s obligation to offer generator regulation service; and (3) the estimated burden on small entities to comply with the Final Rule. In this order, the Commission affirmed its determinations in Order No. 764, provides clarification, and grants Edison Electric Institute’s request to extend the period for compliance filings to November 12, 2013. *Docket No. RM10-11-000*

11. December 20, 2012 – FERC issued an Order approving modifications to the currently-effective definition of “bulk electric system” developed by NERC and revisions to the Rules of Procedure. Order No. 733. *Docket Nos. RM12-6-000 and RM12-7-000*

12. December 20, 2012 – FERC issued an Order conditionally approving, with limited exceptions, numerous revisions to the NERC Rules of Procedure and its appendices, including revisions to Sections 300 (Reliability Standards Development), 400 (Compliance Enforcement), 600 (Personnel Certification), 800 (Reliability Assessment and Performance Analysis), 1000 (Situation Awareness and Infrastructure Security), 1400 (Amendments to the Rules of Procedure), and 1700 (Challenges to Determinations), and Appendices 2 (Definitions), 3C (Procedure for Coordinating Reliability Standards Approvals, Remands, and Directives), 4B (Sanction Guidelines), 4C (Uniform Compliance Monitoring and Enforcement Program), 5B (Statement of Compliance Registry Criteria), and 6 (System Operator Certification Program Manual). The order directs NERC to make compliance and informational filings within 60 days. *Docket No. RR12-8-000*


14. December 20, 2012 – FERC issued an Order Denying Rehearing of the Notice of Penalty for Southwestern Power Administration and affirmed its prior determination that Federal Power Act section 215 authorizes the imposition of a monetary penalty on federal entities found to be in violation of a mandatory Reliability Standard. *Docket No. NP11-238-000*

15. December 28, 2012 – FERC issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP13-6-000* Unidentified Registered Entity; *NP13-7-000* Willmar Municipal Utilities; and *NP13-5-000* Spreadsheet Notice of Penalty

16. January 16, 2013 – FERC issued an Order approving the settlement agreement between the Office of Enforcement and NERC regarding the findings and recommendations that arose out of the 2012 performance audit of NERC. *Docket No. FA11-21-000*
NERC Filings Since the Last Update


    October 31, 2012 – NERC submitted an informational report on the analysis of NERC Standards Process Results for the Third Quarter 2012 in compliance with an order issued by FERC on January 18, 2007 and a subsequent order on September 16, 2010. Docket Nos. RR06-1-000, RR09-7-000


5. October 31, 2012 – Notices of Penalty regarding the following entities in Docket Nos. NP13-1-000 Unidentified Registered Entity; NP13-2-000 TransAlta Centralia Generation, LLC; NP13-3-000 Bear Swamp Power Company LLC; NP13-4-000 Unidentified Registered Entity; and NP13-5-000 Spreadsheet Notice of Penalty


7. November 21, 2012 – NERC submitted a Petition for Approval of VAR-002-2b—Generator Operation for Maintaining Network Voltage Schedules, approval of the proposed Reliability Standard, the associated implementation plan, Violation Risk Factors and Violation Severity Levels, and retirement of the currently effective Reliability Standard VAR-002-1.1b. Docket No. RD13-2-000


9. November 29, 2012 – NERC submitted the Third Quarter 2012 Compliance Filing of the North American Electric Reliability Corporation in Response to Paragraph 629 of Order No. 693. Order No. 693 requires that NERC provide a quarterly informational filing regarding the timeframe to restore power to the auxiliary power systems of U.S. nuclear power plants following a blackout as determined during simulations and drills of system restoration plans. This filing contains the referenced material pertaining to the third quarter of 2012. Docket No. RM06-16-000

11. November 30, 2012 – Notices of Penalty regarding the following entities in Docket Nos. NP13-6-000 Unidentified Registered Entity; NP13-7-000 Willmar Municipal Utilities; and NP13-8-000 Spreadsheet Notice of Penalty

12. December 6, 2012 – NERC and the Western Electricity Coordinating Council submitted a motion to answer Tri-State Generation and Transmission Association, Inc. Docket Nos. EL13-11-000 and RD13-1-000


14. December 11, 2012 – NERC submitted a response to November 26, 2012 Data Request regarding FERC’s plans to conduct a yearly survey to collect data on the effectiveness and efficiency of the Find, Fix, Track and Report program pursuant to the March 15 Order. Docket Nos. RC11-6-000, RC12-6-000 and RC12-7-000


22. December 31, 2012 – NERC submitted Notices of Penalty regarding the following entities in Docket Nos. NP13-9-000 Arlington Valley, LLC – AVBA; NP13-10-000 Entergy; NP13-11-000 Unidentified Registered Entity; NP13-12-000 Spreadsheet Notice of Penalty; NP13-13-000 Sunflower Electric Power Corporation and Mid-Kansas Electric Company; NP13-14-000 Southwest Power Pool, Inc. – ICTE; NP13-15-000 Arizona Public Service Company; NP13-16-000 Unidentified Registered Entity; NP13-17-000 Unidentified Registered Entity; NP13-18-000 Unidentified Registered Entity; NP13-19-000 Unidentified Registered Entity; and NP13-20-000 Duke Energy Carolinas


**Anticipated NERC Filings**


2. January 22, 2013 – NERC will submit a request for rehearing and, in the alternative, clarification on several aspects of the Final Rule on the Revisions to the Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure. *Docket Nos. RM12-6-000 and RM12-7-000*


5. January 31, 2013 – NERC must submit quarterly reports to explain whether it is on track to meet deadline and describe status of its CIP standard development efforts for CIP V5 Standards. *(See Order No. 761 at P4)* *Docket No. RM11-11-000*


9. February 13, 2013 – FERC will hold a technical conference to elicit input pertaining to information sharing and communications issues between natural gas and electric power industry entities. The technical conference will take place on February 13, 2013 beginning at 9:00 a.m. and ending at approximately 4:00 p.m. *Docket No. AD12-12-000*
10. February 17, 2013 – NERC must comply with directives in Order No. 733 for filing the test and the results from a representative sample of utilities in each of the three Interconnections (see February 17, 2011 Order No. 733-A). Docket No. RM08-13-001
   a. See Transmission Relay Loadability Notice of Proposed Rulemaking, the Commission includes discussions of what it proposes NERC to address in the Report, PP 41, 43, 44, 45 and 46)


15. March 31, 2013 – NERC must submit a report each year on the status and timetable for addressing each outstanding directive. This commitment was made in our proposed Rule 321 filing made on December 23, 2010. Rule 321 was approved by FERC on March 17, 2011.

16. March 31, 2013 – NERC must submit Critical Infrastructure Protection Version 5 Standards (See Order No. 761 at P 4.) Docket No. RM11-11-000 – NERC’s timeline to address all outstanding issues from Order No. 706 directives, anticipated that NERC will submit next version of CIP Standards to the NERC Board of Trustees. See NERC’s May 27, 2011 Response to Data Requests, Response 1 and the 2011-2013 Informational Filing on the Standards Development Plan. Docket Nos. RM05-17-000, RM05-25-000, RM06-16-000 and RM11-11-000

17. April 4, 2013 – NERC must submit a compliance filing in response to the Final Rule on the Revisions to the Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure on the schedule outlining modification to exclusion E3 to remove 100 kV minimum operating voltage in local network definition. Docket Nos. RM12-6-000 and RM12-7-000

18. April 30, 2013 – NERC must submit a quarterly filing to keep the Commission informed of continual progress with Frequency Response and revised BAL-003 standard. Docket No. RM06-16-010

19. April 30, 2013 – NERC must submit a quarterly filing to report on the analysis of NERC Standards Process results for the first quarter 2013 in compliance with an order issued by FERC on January 18, 2007 and a subsequent order on September 16, 2010. Docket Nos. RR06-1-000 and RR09-7-000


23. June 3, 2013 – NERC must submit an informational filing within 90 days of the effective date of the Order detailing its plans to maintain a list of facilities granted exceptions and how it will make this information available to the Commission, Regional Entities and potentially to other interested parties. Docket Nos. RM12-6-000 and RM12-7-000