Agenda

Member Representatives Committee

August 14, 2019 | 1:00 p.m. – 5:00 p.m. Eastern

Hilton Quebec
1100 Rene Levesque East
Quebec City, Quebec
G1R 4P3, Canada

Conference Room: Salle de Bal (1st Floor)

Introduction and Chair’s Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Consent Agenda

1. Minutes* - (Approve)
   a. May 8, 2019 Meeting*
   b. July 19, 2019 Conference Call*

2. Future Meetings*

3. Schedule for MRC Officer and Sector Elections*

Regular Agenda

4. General Updates and Reports
   a. Board of Trustees Nominating Committee Update*
   b. Business Plan and Budget Input Group Update*
   c. Regulatory Update*

5. Policy and Discussion Items
   a. Responses to the Board’s Request for Policy Input*
      i. Effectiveness and Efficiency: Proposal for Restructuring NERC Technical Committees*
   b. Effectiveness and Efficiency: Standards Efficiency Review*
   c. Additional Policy Discussion of Key Items from Board Committee Meetings*
      i. Finance and Audit Committee
      ii. Corporate Governance and Human Resources Committee
iii. Technology and Security Committee

d. MRC Input and Advice on Board Agenda Items and Accompanying Materials*
e. 2019 ERO Reliability Risk Priorities Report Preview*
f. ERO Enterprise Long-Term Strategy*
g. Supply Chain Data Request*

Technical Updates

6. Update on FERC Reliability Matters*

7. FERC and NERC Staff Report on South Central U.S. Cold Weather Event of January 17, 2018 *

8. Standing Committee Highlights: Compliance and Certification Committee*

*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 Greg Ford, with Vice Chair Jennifer Sterling present, called to order a duly noticed meeting of the Member Representatives Committee (MRC) of the North American Electric Reliability Corporation (NERC) on May 8, 2019, at 12:30 p.m., Central, and a quorum was declared present. The agenda and MRC members and their proxies in attendance are attached as Exhibits A and B, respectively.

Introduction and Chair’s Remarks
Mr. Ford welcomed MRC members, including two new members, acknowledging the NERC Board of Trustees (Board), Andy Dodge and others from the Federal Energy Regulatory Commission (FERC), Bruce Walker from the Department of Energy, State Commissioner Matt Schuerger, CAMPUT representative David Morton, and Brad Little from Natural Resources Canada. He noted the retirement of MRC member Donald Holdsworth. Mr. Ford reminded attendees that presentations conducted at the Board committee meetings would not be repeated during the MRC meeting. He acknowledged the MRC’s responses to the policy input request from Roy Thilly, Chair of the Board.

NERC Antitrust Compliance Guidelines and Public Announcement
Ms. Iwanechko directed the participants’ attention to the NERC Antitrust Compliance Guidelines included in the agenda package, and indicated that all questions regarding antitrust compliance or related matters should be directed to Charlie Berardesco.

Minutes
Upon motion duly made and seconded, the MRC approved the minutes of the February 6, 2019, and April 9, 2019, meetings as presented at the meeting.

Future Meetings
The schedule of future meeting dates, including the pre-meeting and informational webinars for 2019, was included in the agenda package. Mr. Ford noted that the July MRC pre-meeting and informational webinar was rescheduled to Friday, July 19.

NERC Participant Conduct Policy Update
Mr. Berardesco noted that the NERC Participant Conduct Policy, which applies only to committees created through the Board, was amended to clarify that individuals participating in NERC activities are not authorized to speak on behalf of NERC or to indicate their views represent the views of NERC, and should provide such a disclaimer if identifying themselves as a participant in a NERC activity to the press, at
speaking engagements, or through other public communications. Mr. Thilly urged volunteer participants in NERC activities to not reference their NERC affiliation when engaged in non-NERC settings, and thus eliminating the entire issue.

**Board of Trustees Nominating Committee Update**
George Hawkins, chair of the Board of Trustees Nominating Committee (BOTNC), noted that there are 12 Board members in 2019 due to the early addition of a Canadian Trustee. Two Board members are reaching their term limits and the BOTNC is searching to only fill one of those seats to transition back to 11 members. Mr. Hawkins explained that the BOTNC will select a search firm following the MRC meeting, work closely with the firm to seek and interview candidates, and make a recommendation to the MRC in December for election at the MRC’s February 2020 meeting.

**Business Plan and Budget Input Group Update**
Sylvain Clermont, chair of the MRC Business Plan and Budget input group, provided an update on the group’s activities. He also provided an overview of the group’s makeup which includes MRC members, a Regional Entity representative, and a Reliability Issues Steering Committee representative. Mr. Clermont invited other MRC members to join if interested. The group receives updates throughout the business plan and budget development process and provides input as appropriate on the E-ISAC long-term strategy, budget alignment with business plans and priorities, and future pressures and strategies. In addition, the group receives updates on effectiveness and efficiency efforts for awareness of any potential impacts on the business plans and budgets. Mr. Clermont expressed appreciation for the collaboration and open discussions the group has with NERC staff throughout the process.

**Regulatory Update**
Mr. Berardesco invited questions or comments regarding the regulatory report, which highlights Canadian affairs, as well as past and future significant FERC filings. He highlighted the Five-Year Performance Assessment being presented to the Board the following day to be filed with FERC at the end of July.

**MRC Self-Assessment and Effectiveness Survey Results and Next Steps**
Mr. Ford explained that MRC members completed a self-assessment in January 2019 and both MRC and Board members completed an effectiveness survey of the MRC in February 2019. The self-assessment and effectiveness survey were conducted to evaluate the overall effectiveness of the MRC and whether its responsibilities are being satisfactorily met. Mr. Ford reviewed the responses and identified several areas for potential follow-up action. Mr. Ford will provide an update on the status and any recommendations at the August 14, 2019, MRC meeting. Mr. Ford and Ms. Sterling will also consider how often these self-assessments and effectiveness surveys should be conducted going forward.

**Responses to the Board’s Request for Policy Input**
Mr. Ford acknowledged the MRC’s responses to Mr. Thilly’s April 2, 2019, letter requesting policy input on the supply chain report and recommendations, in addition to the preliminary agenda topics for the May meetings. Responses to the letter are posted with the Board agenda materials on the NERC website.
Supply Chain Report Recommendations

Howard Gugel, vice president and director of engineering and standards at NERC, provided an overview of the supply chain report, developed in response to an August 2017 Board resolution and revised based on input received during the February 2019 meetings. He highlighted the risks, mitigation factors, and staff recommendations on electronic access control or monitoring systems, physical access control systems, low impact BES cyber systems, and Protected Cyber Assets. Mr. Gugel also provided a summary of the policy input received, which broadly supported the report, with some concerns and suggestions identified.

- MRC members expressed appreciation for the development process, outreach, and responsiveness to feedback.

- A Board member asked how data management will be used to determine where assets are coming from. Mr. Gugel indicated NERC will work with the Critical Infrastructure Protection Committee’s (CIPC’s) supply chain working group on that item.

- An MRC member cautioned that sending a data request outside of the Section 1600 process, particularly if sent by the compliance programs, may give the wrong impression. Mr. Gugel acknowledged the concern and noted that data would be not be gathered through compliance activities.

- An MRC member suggested requesting feedback from broader industry on the data request and the development of any guidelines, and not just the CIPC working group.

- An MRC member expressed concern that the supply chain report will be approved by the Board the following day before seeing a final version in response to policy input. Mr. Thilly stated that the Board would not accept the report without considering the comments and concerns raised, but there is also a sense of urgency on moving forward with the key recommendations. He noted that the Board may consider accepting the report subject to seeing any additional clarifications before distributing it publicly.

- An MRC member requested clarification on the recommendation to include electronic and physical access controls in the Supply Chain Standards, but not logging and monitoring. Mr. Gugel indicated the decision was made from a risk perspective, as access controls are real-time and a more immediate concern, while logging and monitoring are for forensics.

- An MRC member asked about the timeline for the data request. Mr. Gugel explained that work on the data request would begin immediately with the CIPC working group and should be completed no later than the November meeting.

- An MRC member asked about the timeline for third party certifications. Mr. Gugel stated that a group is meeting the following day to discuss this topic. While NERC will not be the accreditor, it will facilitate the process to understand the credentials that would be evaluated.

 Additional Policy Discussion of Key Items from Board Committee Meetings

Attendees did not have any additional comments related to the Board’s Corporate Governance and Human Resources Committee, Finance and Audit Committee, and Technology and Security Committee meetings.
MRC Input and Advice on Board Agenda Items and Accompanying Materials
Attendees did not have any comments on the items on the Board’s agenda for the following day.

ERO Enterprise Effectiveness Survey
Ms. Iwanechko provided an overview of the results from the ERO Enterprise Effectiveness Survey, which was issued to stakeholders in July 2018. The purpose of the survey is to gather feedback on the effectiveness of the ERO Enterprise in executing program activities. There were 576 survey respondents and over 5,000 open-ended comments received. Ms. Iwanechko highlighted the five highest and lowest rated, five most favorable, and five most unfavorable survey items. NERC reviewed the numerical results and identified themes in the open-ended comments to evaluate areas for focus. These were grouped into four broad categories: (1) ERO Enterprise Principles; (2) Reliability Standards Development; (3) Compliance Monitoring and Enforcement; and (4) E-ISAC. Ms. Iwanechko reviewed action plans for each of the four categories, noting that many of the activities are currently underway and addressed in the 2019 ERO Enterprise Work Plan Priorities. Updates on most items will be reported through separate presentations at future meetings and a summary update on the overall action plans will be presented at the MRC’s November 2019 meeting.

- Mr. Thilly remarked that communicating all efforts to industry is a challenge and encouraged MRC members and meeting attendees to assist when possible.

Effectiveness and Efficiency Update
Mark Lauby, senior vice president and chief reliability officer at NERC, introduced this agenda topic which included updates on three main focus areas for 2019 related to effectiveness and efficiency: (1) stakeholder engagement; (2) Compliance Monitoring Enforcement Program; and (3) Standards Efficiency Review (SER).

Stakeholder Engagement
Mr. Lauby explained that a Stakeholder Engagement Team (SET) was established to review the current NERC committee structure and evaluate whether there is a more effective and efficient structure that should be considered. The review is focusing only on the Operating Committee (OC), Planning Committee (PC), and CIPC. Mr. Lauby discussed the SET’s work streams and highlighted the results of the SET’s review of the technical committees. Mr. Lauby reviewed two options being considered by the SET for restructuring the technical committees. The first option contemplates retaining the existing technical committee structure and creating an Oversight Committee that would report to the Board and coordinate and direct the work of the technical committees. The second option contemplates consolidating the OC, PC, and CIPC, forming a new Reliability and Security Council that would report to the Board and oversee the work of subcommittees, working groups, and task forces. Formal feedback will be requested and the SET expects to present a refined proposal to the MRC at its August meeting. A final proposal will be presented to the Board for approval at its November 2019 meeting and implemented in 2020.

Compliance Monitoring and Enforcement Program (CMEP)
Mr. Lauby reviewed several focus areas of the Compliance Monitoring and Enforcement Program related to effectiveness and efficiency: (1) efficiency in data gathering and analysis tools, especially through the implementation of the Align tool; (2) continued implementation of risk-based compliance monitoring with
Compliance Oversight Plans tailored to registered entities and CMEP Implementation Plans focused on reliability and security risk levels; (3) providing outreach and education describing how the ERO Enterprise executes its compliance monitoring responsibilities; and (4) identifying ways to streamline the resolution of minimal risk noncompliance approaches.

Standards Efficiency Review
John Allen, chair of the SER Phase 2 team, provided an update on two phases of their activities. For Phase 1, three teams reviewed the operating and planning standards, focusing primarily on identifying requirements for retirement. The teams ultimately identified 84 requirements for retirement which are being presented to the Board the following day for acceptance. The Phase 2 team is reviewing recommendations for modifying requirements identified during Phase 1. An industry survey was issued to evaluate and prioritize six concepts presented during a February 2019 webinar. Further, a new team will be formed to evaluate Critical Infrastructure Protection (CIP) standards requirements. A scope, approach, and timeline for the review of the CIP standards will be determined.

Task Force to Address Resilience to Electromagnetic Pulses
Mr. Lauby explained that the Electric Power Research Institute (EPRI) has been performing research and development on Electromagnetic Pulses (EMP) and issued a report on EMP in late April. He also highlighted a 2017 Department of Energy action plan and March 26, 2019, Executive Order. Mr. Lauby stated that based on EPRI’s research and development results, NERC is working with industry to establish a task force to review the final report and identify approaches to address EMP reliability concerns. A task force was formed in April and is targeting its initial draft recommendations in Q3 2019, providing recommendations for guidelines and best practices to NERC technical committees in Q3 2019, and presenting a Standards Authorization Request(s) to the Standards Committee, if applicable, in Q4 2019.

- An MRC member indicated interest in understanding cost implications of different mitigation actions.

Update on FERC Reliability Matters
Andy Dodge, director of the Office of Electric Reliability at FERC, provided an update on the following FERC reliability activities: 2018 CIP audits lessons learned report; CIP-012-1 Notice of Proposed Rulemaking; cyber security incident reporting final rule; March 28, 2019, security investments technical conference; transmission incentives Notice of Inquiry; FERC-NERC joint inquiry into cold weather event; removing barriers to storage participation; and the Florida Reliability Coordinating Council Regional Entity dissolution. He also mentioned the following upcoming items: ERO five-year performance assessment; Reliability Coordinator transition in the west; and the June 27, 2019, FERC Reliability Technical Conference.

2019 Summer Reliability Assessment Preview
John Moura, director of reliability assessments and technical committees at NERC, reviewed three preliminary key findings of the 2019 Summer Reliability Assessment: (1) ERCOT anticipates Energy Emergency Alerts may be needed to address resource shortfalls during periods of peak demand; (2) all other assessment areas have adequate resources for the upcoming summer season; and (3) elevated risk for wildfires in the western United States and parts of Canada poses a localized risk to bulk power system
(BPS) reliability. He also reviewed the year-to-year change in reserve margins, area risk scenarios, and elevated wildfire risk areas. Mr. Moura indicated that an embargoed report will be distributed to the Board and MRC on May 24, 2019, after endorsement from the Planning Committee and approval from NERC Executive Management. NERC expects to release the report on May 30, 2019.

**2019 State of Reliability Report Preview**

Mr. Moura provided an overview of the 2019 State of Reliability Report, which is intended to offer objective, credible, and concise information to policy makers, industry leaders, and the Board on issues affecting the reliability and resilience of the North American BPS. He highlighted improvements to the report, including a greater focus on the target audience, succinct messaging, actionable metrics, relevance to priority risks, and overall streamlining of the layout. Additionally, more graphics will be used and the report is being condensed from over 200 pages to less than 50. Mr. Moura reviewed the preliminary key findings: (1) 2018 was highly reliable, with no Category 4 or 5 events; (2) extreme weather events continue to be a leading contributor to the largest generation and distribution outages; (3) better than expected performance from the Texas generator fleet helped meet the 2018 summer peak demand; (4) misoperation rate continues to trend downward; (5) frequency response performance in all interconnections is improving or stable; and (6) reliability challenges are emerging as more inverter-based generation is added. He also provided an overview of the information in each of the sections of the report: (1) By the Numbers: The North American BPS; (2) Events Analysis Review; (3) Reliability Indicators; (4) Severity Risk Index and Component Analysis; and (5) Trends in Priority Reliability Issues. An embargoed report will be distributed to the Board and MRC on or about June 3, 2019. NERC staff is scheduled to present the report to the Board for acceptance on June 13, 2019, with a targeted release date of June 19, 2019.

**Standing Committee Highlights: Compliance and Certification Committee**

This agenda item was postponed until the August 2019 meeting.

**Adjournment**

There being no further business, the meeting was adjourned.

Submitted by,

Kristin Iwanechko

Secretary
Introduction and Chair’s Remarks
Chair Greg Ford convened a duly-noticed open meeting by conference call and webinar of the North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) on July 19, 2019, 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 August 14-15, 2019, in Quebec City, Canada. The meeting announcement and agenda are attached as Exhibits A and B, respectively.

NERC Antitrust Compliance Guidelines and Public Announcement
Kristin Iwaniechko, MRC Secretary, directed the participants’ attention to the NERC Antitrust Compliance Guidelines and the public meeting notice included in the agenda.

Schedule of Quarterly NERC Meetings and Conference Calls
The draft schedule of events for the upcoming meetings in Quebec City was included in the agenda package.

Review of Proposed Board and Board Committees Meeting Agenda Items
Sonia Mendonca reviewed the preliminary agenda items for the Board and Board Committee meetings scheduled for August 14-15, 2019, in Quebec City that were identified in the slide presentation included in the informational session agenda package. MRC members should review all agenda materials for the Board and Board Committee meetings, once posted and available on August 1, 2019, and attend as many of these meetings as possible in advance of the MRC’s meeting on August 14, 2019.

Review of Proposed MRC Agenda Items for August 14, 2019
Mr. Ford reviewed the following preliminary MRC agenda items for the upcoming August 14, 2019, meeting in Quebec City that were identified in the slide presentation included in the informational session agenda package:

- Board of Trustees Nominating Committee update;
- Business Plan and Budget Input Group update;
- Regulatory update;
- Discussion of the responses submitted to the policy input request from the Board;
• Proposal For Restructuring NERC Technical Committees;
• Effectiveness and Efficiency Standards Efficiency Review;
• Additional discussion of the issues presented at the Board Committee meetings;
• MRC input and advice on Board agenda items and accompanying materials;
• 2019 ERO Reliability Risk Priorities Report Preview;
• ERO Enterprise Long-Term Strategy;
• Supply Chain Data Request;
• Update on FERC Reliability Matters; and
• Compliance and Certification Committee Highlights.

Policy Input Reminder
Mr. Ford announced that the Board’s request for policy input was released on July 12, 2019, and responses are due by Tuesday, August 6, 2019, to Kristin Iwanechko, committee secretary. Mr. Ford noted that the Board requested input on the proposal for restructuring NERC Technical Committees. The Board also requested input on the preliminary agenda topics presented during the MRC Informational Session. There will be time dedicated on the MRC’s August 14, 2019, agenda for MRC members to provide input and advice on the Board agenda items after the final package has been posted. Mr. Ford provided an update on the topic included in the policy input letter. Specifically, he reviewed the Stakeholder Engagement Team’s progress on reviewing the NERC standing committee structure and its recommendation for restructuring the Operating Committee, Planning Committee, and Critical Infrastructure and Protection Committee.

Proxy Reminder
Proxy notifications for the August 14, 2019, meeting must be submitted in writing to Ms. Iwanechko.

Meeting Adjourned
There being no further business, the call was terminated.

Submitted by,

Kristin Iwanechko
Secretary
Future Meetings

**Action**
Information

**Summary**
The following are the future meeting dates for 2019 and 2020. The dates for the 2019 pre-meeting and informational webinars are also included below.

**2019 Dates**
- October 9: Pre-Meeting and Informational Session
- November 5-6: Atlanta, GA

**2020 Dates**
- February 5-6: Manhattan Beach, CA
- May 13-14: Washington, DC
- August 12-13: TBD-Canada (Vancouver)
- November 4-5: Atlanta, GA
Schedule for MRC Officer and Sector Elections

Action
Information

Background
Chair Greg S. Ford will announce the upcoming nomination and election cycle for the Member Representatives Committee (MRC) officers and those members whose terms expire in February 2020. The tentative schedule is shown below.

MRC Officer Elections
Wednesday, September 4 – nomination period opens
Friday, October 4 – nomination period closes
Tuesday, November 5 – election of officers for following year by current MRC members

MRC Member Sector Nominations and Elections
Monday, September 9 – nomination period opens
Friday, November 8 – nomination period closes
Monday, December 9 – election begins
Thursday, December 19 – election ends

Reference Links
Membership of the MRC for 2019-2021
NERC Bylaws
Board of Trustees Nominating Committee Update

Action
Information

Summary
The following MRC members are serving on this year’s Board of Trustees Nominating Committee (BOTNC):

1. **Greg Ford** – MRC Chair
2. **Jennifer Sterling** – MRC Vice Chair
3. **Sylvain Clermont** – Federal/Provincial Utility
4. **Roy Jones** – State-Municipal Utility
5. **Lou Oberski** – Investor-Owned Utility

George Hawkins, chair of the BOTNC, will provide a status report on the planned activities and schedule for the BOTNC.
**Business Plan and Budget Input Group Update**

**Action**
Information

**Summary**
The Business Plan and Budget (BP&B) Input Group was established several years ago as a means of getting MRC and stakeholder feedback toward each year’s budget. The group meets at least once per month during the normal budget season and additionally in other months to receive updates on NERC’s financial position and discuss upcoming budget strategies. The following MRC members are serving on this year’s BP&B Input Group:

1. **Sylvain Clermont (chair)** – Federal/Provincial Utility
2. **Greg Ford** – MRC Chair
3. **Katherine Prewitt** – Investor-Owned Utility
4. **Carol Chinn** – State/Municipal Utility
5. **Lloyd Linke** – Federal/Provincial Utility
6. **Bill Gallagher** – Transmission-Dependent Utility
7. **John Twitty** – Transmission-Dependent Utility

In addition to the above MRC members, the BP&B Input Group also includes a representative from a Regional Entity (Ed Schwerdt – NPCC) and a representative from the RISC (Peter Brandien – past RISC chair).

Sylvain Clermont, chair of the BP&B Input Group, will provide an update on behalf of the group at the August 14, 2019, MRC Meeting.
Update on Regulatory Matters
(As of July 17, 2019)

Action
Information

FERC Orders Issued Since the Last Update
FERC orders are available on the NERC website FERC Orders/Rules page.

NERC Filings to FERC Since the Last Update
NERC filings to FERC are available on the NERC website NERC Filings to FERC page.

NERC Filings in Canadian Jurisdictions Since the Last Update
NERC filings to Canadian applicable governmental authorities are available on the NERC website Canadian Filings and Orders page. This page also contains links to the websites of each of the Canadian applicable governmental authorities, where orders, consultation records, and other records related to NERC matters may be found.

Processes for making standards enforceable and monitoring and enforcing compliance are specific to each jurisdiction in Canada. The Federal, Provincial, and Territorial Monitoring and Enforcement Sub-group (MESG) has developed provincial summaries of each province’s electric reliability standard-making and enforcement functions, with U.S. comparators. The Canada page of the NERC website contains these summaries, as well as a link to the Canadian MOUs page.

Anticipated NERC Filings
Highlights of NERC filings that will be submitted to applicable governmental authorities in the U.S. and Canada appear below:


2. July 31, 2019 – NERC will submit its first informational filing regarding work performed under the Geomagnetic Disturbance Research Work Plan per Order No. 830. Docket No. RM18-11-003

3. August 14, 2019 – Within 45 days of the end of each quarter, NERC must submit the unaudited report of the NERC budget-to-actual spending variances during the preceding quarter. Docket No. FA11-21-000


6. August 30, 2019 – NERC and WECC will submit a joint petition for the approval of Regional Reliability Standard BAL-002-WECC-3 - Contingency Reserve. *Pending Board adoption*


8. September 14, 2019 – NERC will submit a petition for approval of Reliability Standard CIP-002-6 - Cyber Security - BES Cyber System Categorization. *Pending Board adoption*
Responses to the Board’s Request for Policy Input

Action
Discussion

Background
The policy input letter is issued by the Chair of the NERC Board of Trustees (Board) four to five weeks in advance of the quarterly meetings and includes relevant materials necessary to inform and prepare for discussion. Written input from the Member Representatives Committee (MRC) and stakeholders is due three weeks after issuance and is then revisited during a dedicated discussion time on the MRC’s agenda, in the presence of the Board.

Summary
For this quarter, the Board requested specific policy input on a proposal for restructuring the NERC Technical Committees. In addition, the Board requested input on preliminary Board, Board Committee, and MRC agenda topics. On August 14, 2019, the MRC can expect to participate in discussion on the responses received from the policy input request.

Attachment
1. July 11, 2019, Board Letter Requesting Policy Input (without attachments)
July 11, 2019

Mr. Greg Ford, Chair
NERC Member Representatives Committee

Dear Greg:

I invite the Member Representatives Committee (MRC) to provide policy input on an issue of particular interest to the NERC Board of Trustees (Board) as it prepares for its August 14-15, 2019, meetings in Quebec City, Canada. In addition, policy input is requested on items on the preliminary agendas for the quarterly Board, Board Committees, and MRC meetings. The preliminary agendas are included in the MRC Informational Session agenda package (see Item 1) and are attached hereto (Attachment A). As final agenda packages with background materials are posted after policy input is due, the MRC’s agenda includes an opportunity for MRC members to provide additional input to the Board on the final agenda and materials. As a reminder, please include a summary of your comments in your response (i.e., a bulleted list of key points) for NERC to compile into a single summary document to be provided to the Board for reference, together with the full set of comments.

Proposal for Restructuring NERC Technical Committees

NERC is reviewing the effectiveness and efficiency of ERO Enterprise operations in an ongoing effort to advance our mission. In the near term, NERC is focusing on three major initiatives:

- **Standards Efficiency Review**: Review of NERC Reliability Standards to ensure they are effective and efficient to implement; results from Phase 1 have been filed with FERC for approval and Phase 2 is underway.

- **Align**: Development and deployment of the Align tool, designed to improve security, enable better performance management and reporting, reduce cost, and support greater alignment in Compliance Monitoring and Enforcement processes across the ERO Enterprise.

- **Stakeholder Engagement**: An effort to improve the effectiveness and efficiency of how stakeholders engage with NERC to advance our critical reliability and security mission.

In August, the Board will consider a recommendation from a stakeholder engagement team (SET)¹ which was formed to address the third area where costs are born by stakeholders directly as well as by NERC. Given the nature of our model and criticality of industry expertise to the ERO’s success, enhancing the effectiveness of stakeholder participation in the face of our rapidly changing industry is the primary

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¹ The SET is comprised of members of the Board, leadership and representatives from the MRC, the chairs of the technical committees, other stakeholder volunteers, and representatives from NERC executive leadership, legal, and staff.
objective of the initiative, always keeping an eye on the need to be as efficient as reasonably possible given all of the other demands on participants and staff.

To address the objective of this aspect of the overall effectiveness and efficiency initiative, the SET was created to review the existing NERC technical committee structure (Critical Infrastructure Protection, Operating, and Planning) and develop recommendations for improving their effectiveness and efficiency. Based on this detailed review and as outlined in the attached draft proposal (Attachment B), the team is recommending replacing the three committees with a Reliability and Security Council (RSC). The RSC would report to the Board and focus on managing the work of the various subcommittees, working groups, and task forces organized to address specific risks to reliability and security. The resulting model supports the Board with two leadership bodies, the Reliability Issues Steering Committee (RISC) and the RSC. The RISC advises on emerging risks, prioritizes them, and identifies impactful mitigation activities. The RSC would oversee the implementation of those tactical prioritizations through work plans, as well as advise on the reliability and security of the bulk power system to address any unexpected new and emerging risks.

The SET also evaluated how to populate the proposed RSC and is recommending a participation model that is composed of a chair and vice chair, one representative per sector (Sectors 1-10 and 12), 20 at-large representatives, and five non-voting members, for a total of 38 members.

Nominations for all sector and at-large representatives would be called for by NERC on an annual basis, with members selected by a Nominating Committee consisting of the Board vice chair, NERC CEO, MRC vice chair, and the RSC’s chair and vice chair. The nominations for sector members would be called for under a process that is open, inclusive, and fair, similar to the annual nomination process of the existing Operating Committee (OC) and Planning Committee (PC). Note that sector nominees would not be able to represent more than one RSC sector at any one time and that a particular organization, including its affiliates, would not be permitted to have more than one member on the RSC.

At-large members would be selected by a nominating committee based on skills and knowledge criteria to fulfill a balanced representation. Regional Entity employees would not be eligible to be an at-large representative. Non-voting members would include a NERC secretary, two United States federal government representatives, one Canadian federal government representative, and one Canadian provincial government representative. Overall selection of members will consider Regional Entity area diversity, subject matter expertise (planning, operating, or security), organizational type (e.g., Cooperative, Investor-Owned Utility, Public Power, ISO/RTO, etc.), and country (Canada, Mexico, and United States). In addition to Sector balance, the at-large membership should broadly reflect NERC’s geographic and interconnection mix, as well as any other key elements of “balance”, such as size and resource diversity.

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2 Mexican Government representation will be considered once they have joined NERC.
The Board requests MRC policy input on the following:

1. The proposal to replace the NERC Critical Infrastructure Protection Committee, OC, and PC with the RSC.
2. The proposed participation model of the RSC.
3. The best way to implement the transition from three technical committees to the RSC.

Written comments in response to the input requested above, the preliminary agenda topics, and on other matters that you wish to bring to the Board’s attention are due by July 31, 2019, to Kristin Iwanechko, MRC Secretary (Kristin.Iwanechko@nerc.net). The formal agenda packages for the Board, Board Committees, and MRC meetings will be available on August 1, 2019, and the presentations will be available on August 8, 2019. The Board looks forward to your input and discussion of these matters during the August 2019 meetings.

Thank You,

[Signature]
Roy Thilly, Chair
NERC Board of Trustees

cc: NERC Board of Trustees
    Member Representatives Committee
Proposal for Restructuring NERC Technical Committees

Action
Discussion

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

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

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

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

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

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

**Recommended Participation Model**

Membership will be a hybrid model composed of Sector Representatives, At Large Representatives, and Non-voting members. Sector representation will be one member each for Sectors 1 – 10 and 12\(^1\). Overall selection of members will consider Regional Entity area diversity, subject matter expertise (Planning, Operating or Security) organizational type (Cooperatives, Investor Owned Utilities, Public Power, etc.) and country (Canada, Mexico and US). At-Large representation will be used to fulfill a complete overall balanced representation and expertise on the RSC.

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<tr>
<th>Summary of the SET’s Proposed Membership Model</th>
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<tr>
<td>Name</td>
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<tr>
<td>Sectors 1 - 10 and 12</td>
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<td>At Large</td>
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<th>Additional Non-Voting Members(^2)</th>
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<td>Provincial Government</td>
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\(^1\) With the ERO model maturing and Regional Entities an integral part of the ERO, Regional Entities (Sector 11) will not be directly represented on the stakeholder RSC. Sector 11 representatives are encouraged to participate as RSC non-voting participants.

\(^2\) Mexican Government representation considered once they have joined NERC.
**Membership Qualifications**

The RSC Charter will set forth that individuals qualified to serve on the RSC will include senior management and technical level (e.g., Manager, Director, Vice President, Principal, Lead Engineer) industry experts who have familiarity, knowledge, and experience in Planning, Operating, and Security. In addition, the RSC members are expected to have an understanding of Project Management culture and methods for delivering work products within scope, schedule, cost, and quality. The RSC members collaborate to provide strategic oversight of multi-disciplinary and cross-organizational initiatives to ensure that the work products achieve the ERO’s strategic objectives, enhance NERC’s critical functions, and collectively address planning, operating and security objectives. The RSC primarily oversees development and implementation of risk mitigating technical solutions through the work of the subcommittees and/or special purpose task forces.

**Membership Selection**

Nominations for expiring terms (Sector and At-Large) will be called for by NERC, and are selected (for approval by the NERC Board of Trustees) by a Nominating Committee consisting of the NERC Board Vice Chair, NERC Chief Executive Officer, MRC Vice Chair, and the RSC’s Chair and Vice Chair. Representatives are nominated based on the qualifications established in the Membership Qualifications section above. In addition to sector seat diversity, membership on the RSC should consider the following criteria in the selection of Sector and At-Large representatives:

- Geographic and International (Canadian/Mexican) diversity, including a goal of having representatives based in each Regional Entity’s area.
- Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity; and,
- Subject matter expertise in Operations, Planning, and/or Security including a reasonable balance of expertise between the three areas.

Nominations for sector members (Sectors 1-10 and 12) will be called for annually under a process that is open, inclusive, and fair, similar to the annual nomination process of the existing OC and PC. The nomination process will be completed in time for the secretary to send the list of nominees to the RSC Nominating Committee. Sector and At Large nominees may not represent more than one RSC sector at any one time and a particular organization, including its affiliates, may not have more than one member on the RSC. Regional Entity employees are not eligible to be at-large representatives.

**Implementation Plan**

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

**Attachments**

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

July 11, 2019
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The vision for the Electric Reliability Organization (ERO) Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities (REs), is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

The North American BPS is divided into six RE boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Region while associated Transmission Owners/Operators participate in another.
Overview

NERC is presently undertaking a comprehensive assessment of its activities that is intended to improve the operational effectiveness of the ERO Enterprise while optimizing the value of industry stakeholder participation. The issue of improving the effectiveness and efficiency of stakeholder engagement across the ERO Enterprise was specifically raised by NERC Chair Roy Thilly in a January 4, 2018 Policy Input Letter to the Member Representatives Committee (MRC). In response to industry feedback that was received, the NERC Board of Trustees (Board) called for a comprehensive review of the existing technical committee structure and actions that could be taken to improve the effectiveness and efficiency of those committees.

As a result of that request, a stakeholder engagement team (SET) was formed to review the existing NERC technical committee structure and develop a recommendation. The SET was tasked by the Board and is comprised of members of the Board, leadership and representatives from the MRC, the chairs of the technical committees (Operating, Planning, and Critical Infrastructure Protection), other stakeholder volunteers and NERC senior leadership, legal, and staff.

The SET considered multiple options for fulfilling the ERO Enterprise need for participatory technical input on matters of reliability and security of the North American BPS, including maintaining the existing committee structure. The SET determined that a new Reliability and Security Council (RSC) to replace the three existing technical committees would best meet the vision for effective and efficient technical input. The sections below discuss the background, process, and vision that guided the SET’s work and recommendation. The recommendation will be provided to the Board prior to December 2019 for approval.
Background

The ERO Enterprise Long-Term Strategy and ERO Enterprise Operating Plan, approved by the Board on November 9, 2017, recognize the importance of achieving greater enterprise-wide effectiveness and efficiency. Over the course of 2018, NERC and the REs identified current and ongoing efforts related to effectiveness and efficiency and explored future initiatives. The following objectives guided NERC and the REs in this effort:

1. Enhance ERO effectiveness in executing its statutory functions, recognizing the value of industry expertise.
2. Improve the efficiency of ERO operations and the use of stakeholder resources.

The SET was formed to carry out the objectives as related to stakeholder engagement through the technical committees. The SET was co-chaired by the vice chair of the MRC and NERC’s Chief Reliability Officer. A complete list of the SET membership and participants is in Appendix A.
Chapter 1: Stakeholder Engagement Team Recommendation Development Process

The SET performed four steps in its review and leveraged NERC’s Strategic Plan, Operating Plan, and RISC Report to facilitate the evaluation process: 1) examined all RE experiences with committee restructuring; 2) the team verified the parameters surrounding governance of the identified standing committees, as outlined in the NERC Rules of Procedure and Bylaws, Federal Power Act, and federal regulations; 3) the team reviewed common responsibilities, work flow, and current levels of coordination across the identified standing committees based on their work plans and deliverables; 4) the SET surveyed current committee members for their input about the existing committee structure and potential replacement structures. The SET then reviewed potential options for organizational structure and developed recommendations for next steps.

Overview of Existing Committee Structures

The ERO Enterprise makes use of technical input, guidance, and reliability/security leadership provided by its standing committees: Planning (PC), Operating (OC), Compliance and Certification (CCC), Standards (SC), Critical Infrastructure Protection (CIPC), Reliability Issues Steering (RISC), and Personnel Certification Governance (PCGC) Committees. The diagram below shows the current structure of all the standing committees and their general area of focus:

[Diagram showing the current structure of all the standing committees and their general area of focus]

Under the current NERC committee structure, the OC, PC, CIPC, CCC, SC, PCGC, and the RISC report to the Board. Except for the RISC, each has an executive committee that supports the committee between meetings, as well as guides and coordinates the subcommittee, working group, and task force workload and priorities. To further coordinate issues that may be cross-cutting, the chairs and vice-chairs (who sit on the executive committees) of all NERC standing committees meet on a quarterly basis, concurrent with the Board and MRC meetings. This group of chairs and vice chairs is called the Standing Committee Coordination Group (SCCG). The SCCG itself does not have a

1 The SCCG also includes leadership teams from the SC, CCC, RISC, and the PCGC. The SCCG members work to improve coordination between the technical committees and help develop work plan items to address reliability issues.
charter or a mandate and, therefore, holds no authority to further direct the activities of the standing committees. NERC staff facilitate the meetings and discussions of the SCCG.

Separately, the RISC provides advice to the Board, triages risks, and provides front-end, high-level leadership for issues of strategic importance to the reliability and security of the BPS.

**Scope of SET Review**

To examine enhancements that could improve the use of scarce industry resources, the SET was tasked with reviewing the OC, PC, and CIPC structures and activities given their technical focus on reliability and security of the BPS. These technical committees identify and assess risk to the operation, planning, and security of the BPS. Most of the technical work of the committees is performed at the subcommittee, working group, or task force level. The technical committees provide direction and oversight of these groups. Some activities of the technical committees are ongoing and provide annual/biennial deliverables while other activities appear to be less focused and fragmented. Recently, more task force creation has occurred to address emerging, fast impacting issues.

The advisory committees (CCC, SC, and PCGC) are not part of this review as each advisory committee is quite distinct with no overlap of responsibilities as specifically noted in NERC’s Rules of Procedure. These committees have been self-regulating over time to improve effectiveness and efficiency.

Further, the RISC was also not a part of this review as it has a unique charge and participation model. It produces a biennial report on key risk identification and mitigation. The RISC is chartered to triage risk mitigation approaches.

**Stakeholder Engagement Team Review**

Based on its review, the SET concluded the following regarding the existing OC/PC/CIPC structure:

- The current model has been in place with little change for over 10 years
  - Model requires significant expense and time commitment from NERC members and NERC staff
  - The ERO Enterprise has matured
  - Several REs have had success enhancing their committee models
- The industry model is changing
  - Advances in new and unfamiliar technologies (e.g., inverters, batteries)
  - Risk profiles changing (e.g., fuel assurance, essential reliability services preservation with resource mix changes)
  - Recent experience within the committees is to stand up task forces for end-to-end solutions, bypassing existing subgroups
- The committee “silos” are blurring
  - Speed of change is accelerating
  - Committee activities increasingly overlap
  - New technology requires cross-cutting rethinking of many utility paradigms (e.g. – inverter-based resources including wind, solar and storage)

The technical committees must play a vital role in order for the ERO Enterprise to be successful in its mission of reducing risk to the BPS. Based on current operations, the technical committees provide oversight, work plan coordination, and technical review of the results and work products developed by working groups of subject matter
experts. The SET recognizes the importance of the collaboration, training and education that occurs between participants and attendees of the technical committee meetings. Lessons learned, information sharing by the U.S. Department of Energy (DOE) National Labs, technical reports, security briefings, cyber reports, training, etc. will continue to be provided.

Enhancing stakeholder engagement through the three technical committees should:

- Strengthen alignment of stakeholder input with ERO Enterprise priorities
- Accommodate the changing industry model
- Focus on reliability and security risks from a strategic planning, operating and security perspective
- Effectively address the increasing overlap between the technical committees
- Achieve a higher level of industry participation (effectiveness) and more cost-effectively leverage subject matter expertise (efficiency)
- Effective use of NERC staff
Chapter 2: Vision for a Restructured Standing Committee Organization

The SET agreed on a vision for enhancing stakeholder engagement through technical committees as outlined below:

- We pivot quickly and refocus resources rapidly
  - We are in an ever-changing world and the pace of change is accelerating
  - Agile teams need to be readily deployed to address emerging issues
- We bring multi-disciplined teams together to develop “complete” solutions
  - Complex issues facing the industry that don’t fit into one basket
  - Ensure appropriate mix of knowledge/skills/abilities (participation model): Planning, Operations, Security, Compliance/Policy, and Legal
- We work collaboratively and efficiently to solve problems
  - Eliminate silos and redundancies
  - Committees need the ability to support standards and compliance
    - Ability to address projected and emerging risks that threaten the reliability of the bulk power system
    - Standards or guidelines may be needed
    - Additional tools (potentially new) may be needed
- We leverage scarce talent to solve problems and maximize our return
Chapter 3: Options for Standing Committee Restructuring

The SET reviewed all activities of the three technical committees. A few conclusions became apparent in this review:

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

2. By-and-large, technical committee activities focused on work plan development, evaluation and execution by the subgroups that report to them.
   a. Subgroup report-outs are occurring on a quarterly basis.
   b. The technical committee work plans are not formally coordinated.

3. Most problem solving is occurring at the subcommittee, working group, and task force level. Some subcommittees have ongoing recurring deliverables while others are more ad hoc task oriented.

4. Some reliability and security risk issues are being addressed in several subcommittees, leading to uncoordinated results, and less end-to-end solutions.

The SET also recognizes the importance of the collaboration, training and education that occurs during the technical committee meetings. Examples of such activities include presentations by National Laboratories, Lessons Learned, Security briefings, etc. These activities must continue in the future in some format.

**Issue statement:** The SET identified the need to ensure work plans are coordinated, and an opportunity for more end-to-end solution development to address reliability/security risks. Several options were reviewed.

**Option 1: Create an Oversight Committee**

Retain the current committee structure and create an Oversight Committee. The Oversight Committee could either be a newly created body or a redesign of the existing SCCG or RISC.

The following are the options considered for the formation of the Oversight Committee to address the issue statement above:
Alternative 1a²: Create a new Oversight Committee for NERC Technical Committees, Charter the SCCG and assign responsibilities

Charter the SCCG to perform the assigned responsibilities with associated reporting and accountability for tasks. Institute SCCG reporting to the Board. Subcommittees can be attached (as in Option 2 of the Committee/Council Structure below) for those groups that provide periodic reliability/security reports. For example, a Project Management Oversight Committee focused on project development, end-to-end solutions, and reduction of duplication. If selected, this option would be implemented by assigning to the SCCG the responsibility for developing a charter and organizational structure for approval.

Recommendation for Option 1: The SET believes that Alternative 1a provides the best baseline for comparison of alternatives considered in the effectiveness and efficiency review. The SCCG is currently an informal group that is designed to perform many of the tasks envisioned to be performed by the Oversight Committee and its membership contains the necessary technical and leadership skills to transition to a formal organization reporting to the Board. The SET also considered alternatives 1b and 1c (shown in footnote 2) but the SET does not believe them to be the best option at creating an Oversight Committee because of the desire to have the Oversight Committee report to the Board. The SET recommends including RISC representation/leadership on the Oversight Committee.

Oversight Committee Participation Model

An oversight structure is needed to ensure the output of NERC RISC (risk reliability reports, risk parameters, data analysis, reliability assessments, etc.) is addressed as well as direct and coordinate potential mitigations and actions required of the NERC technical standing committees.

If Alternative 1a is the preferred proposed structure, the oversight committee should ensure that:

1. Risks are identified, prioritized and managed
2. Assignments are coordinated and not duplicated
3. The technical committees (OC, PC, and CIPC) are directed to successful execution of the duties
4. Tools (guidelines, guidance, standards, etc.) employed in response to risks are appropriate

There are a number of options for creating the Oversight Committee. Regardless of the selected organizational structure, assumptions have been made regarding the oversight council:

- Decisions should consider the technical committee structure
- Coordinates all NERC technical committees
- Assumes participation by NERC technical committees (regardless of number)
- Eliminate or avoid duplication of effort or potential gaps in solutions
- RISC Reliability Report (priorities and profiles) used to easily identify and coordinate efforts in support of reliability and security
- Support moving quickly and refocusing resources rapidly
- Brings multi-disciplined teams together to develop “complete” solutions
- Leverage scarce talent to solve problems and maximize returns
- Work collaboratively to solve problems

² The SET analyzed three options for the creation of an Oversight Committee and recommends Alternative 1a. The other options considered were Alternative 1b: Charter the SCCG with organizational reporting to RISC and Alternative 1c: Delegate functions to RISC. Option 1a was selected because it provided the best baseline to compare alternative structures, and is in-line with the current structure providing the lowest potential impact on the existing organization.
Oversight Committee Implementation plan
This option would be the simplest and quickest option to implement. It would require formalizing the SCCG charter and gaining Board approval. Participation models for the committees would not change. However, the option doesn’t address all of the elements of the envisaged end-point. It does however provide a base-line to which a comparison can be made to other recommended approaches.

Option 2\(^3\): Replace Technical Committees with a Reliability and Security Council, and retain existing subcommittee structure
Replace the OC, PC, and CIPC with a single, new RSC, which reports to the Board, overseeing the work of the subcommittees, working groups, and task forces. The existing subcommittees, working groups, and task forces reporting to the CIPC, OC, and PC will be evaluated for work scope and recurring deliverables. It is envisioned that those subcommittees and working groups with recurring deliverables will be retained, while those without recurring deliverables will be further evaluated for synergies and streamlining of stakeholder activities. Task forces will be deployed with clear deliverables and a timeline for completing those deliverables.

Reliability and Security Council Participation Model Options
The ERO has three general types of participation models in its committees, highlighted below (See Appendix B for more details):

- **OC/PC** – Sector-based model with 2 members from each of the 12 sectors plus a chair and vice chair. Also have provisions for Canadian representation.
- **CIPC** – Regional-based model with 3 representatives from each Region with expertise in physical security, cyber security, and operations with provisions for Canadian representation as well as certain industry groups.
- **RISC** – Pool of experts selected based on skills and knowledge criteria
  - Geographic and International diversity
  - Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity;
  - High-level understanding and perspective on reliability risks;
  - Experience in a leadership role or background in an executive-level position is strongly preferred; and
  - Balanced consideration of these criteria, across the entire membership of the RISC.

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\(^3\) The SET reviewed several options for restructuring the technical committees. The two most viable options include Alternative 1: creating a Reliability Council with Operating and Planning expertise while CIPC remains as it exists; and Alternative 2 Transform CIPC, OC and PC into a Reliability and Security Council with subcommittees and a “roster” of technical experts that can be spun up into “problem specific” task forces. This second option was selected by the SET as it encourages the consideration of all aspects of risks to reliability when designing and operating the bulk power system, during normal and emergency conditions, either natural or man-made. This would result in coordinated management of resources for addressing the various aspects of threats to the reliable operation of the bulk power system.
Chapter 4: Compare and Contrast Options 1 and 2

**Option 1: Establish an Oversight Committee**
The existing NERC technical committee’s structure remains unchanged with this option. Option 1 does create formal oversight of the activities of the OC, PC, and CIPC by the SCCG, chartered as the Oversight Committee. The Oversight Committee will be responsible for coordinating development and approving the work plans of the technical committees to assure that there is no redundancy in committee activities. The Oversight Committee, in consultation with NERC management team, will determine when there is a need to form task forces (project teams) to resolve a specific grid reliability issue. To implement Option 1, a charter must be developed for the Oversight Committee that will include membership, responsibilities, deliverables and reporting requirements to the Board.

**Option 2: Establish Reliability and Security Council**
This option creates a new formal oversight that combines the experience of all three committees into one. The newly created RSC will oversee the output of the subcommittees, working groups, and task forces, and report to the Board. Depending on the participation model chosen for the RSC, this model provides less “silo” impact for issues that overlap in the current model as well as increasing effectiveness by addressing duplication and/or gaps in the current subcommittee structure. During the transition to this new structure, the existing subcommittees, working groups, and task forces will remain until the RSC has an opportunity to complete its analysis of all ongoing activities and priorities.

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

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**Better functional alignment with the RISC**
The RISC is made up of industry advisors that provide leadership/advice on strategic forward-looking risks, prioritize the risks and provide recommendations for risk mitigation. The RISC provides its assessment in a report to the NERC Board every second year. The RISC report is used, among other things, to inform the ERO strategic plan and the annual Business Plan and Budget.

The main RISC-related function as it relates to the RSC will be, in conjunction with NERC management, to initiate and oversee the development of technical analyses and products to better understand and mitigate the priority risks identified in the RISC report; monitor the effectiveness of mitigation activities; and identify emerging risks from measuring system performance.

The graphic below shows the relationship between the RISC, RSC, and the Board:
The resulting model supports the ERO and NERC Board with two leadership bodies:

1. **RISC**: Advising on emerging risks, prioritizing them and identifying impactful mitigation activities.
2. **RSC**: Overseeing the implementation of those tactical prioritizations through work plans, similar to a project management office, as well as advising on the reliability and security of the BPS through reliability assessments and performance analysis to identify and address any unexpected new and emerging risks.

Below provides further granularity on the roles of RISC and the proposed RSC.

**Reliability Issues Steering Committee Charter**

**Purpose**
The Reliability Issues Steering Committee (RISC or Committee) is an advisory committee that triages and provides front-end, high-level leadership for issues of strategic importance to BPS reliability and security and offers high-level stakeholder leadership engagement and input on issues that impact BPS reliability.

RISC advises the NERC Board, NERC standing committees, NERC staff, regulators, Regional Entities, and industry stakeholders to establish a common understanding of the scope, priority, and goals for the development of solutions to address these issues, including the use of solutions other than the development of new or revised reliability standards. In doing so, the RISC provides a framework for steering, developing, formalizing, and organizing recommendations to help NERC and the industry effectively focus their resources on the critical issues needed to best improve the reliability and security of the BPS.

**Reporting**
The RISC reports to the NERC Board.

**Functions**
The RISC performs two primary functions for the Board.

1. The first function of the RISC is to evaluate emerging BPS reliability issues and risks. The RISC provides strategic leadership and advice to the NERC Board and others to triage key reliability risks and propose solutions to manage those risks.
2. Second, the RISC provides a biennial analysis of risks to the BPS and produces a relative prioritization of the risks and mitigation activities. The prioritization is designed to advise:
   a. Annual ERO action planning, resource allocation, budgeting and strategic planning processes; and
   b. Standing committee planning, including the development of the Reliability Standards Development Plan.
In addition, the RISC performs such other functions that may, from time to time, be delegated or assigned by the NERC Board.

Reliability and Security Council
Purpose
Similar to the RISC, RSC will be an advisory council that, in conjunction with NERC management, initiates and oversees the development of technical assessments and analysis that i) support the analytical assessment function of the ERO; and ii) develop and provide products that can be used by industry to mitigate risks to the BPS.

Reporting
The RSC will report to the NERC Board.

Functions
To provide technical advice, project management, and subject matter expertise support to each of the NERC program areas, and to serve as a forum to integrate the outputs of each ERO program area, including:

1. **Reliability Assessments** – Review reliability assessments, assure technical accuracy and completeness of results, and endorse approval of assessments to NERC’s Board.

2. **Cyber and Physical Security** – Review and assess the horizon for emerging cyber and physical risks. Develop mitigations, including guidelines, Alerts, webinars, whitepapers and standard enhancements.

3. **Emerging Issues and Reliability Concerns** – Identify emerging issues within the electric industry, address issues in reliability and security assessments, and address other issues as assigned by the Board.

4. **Operational Analyses** – Develop operational analyses, model validation, and key reliability areas, resulting in technically accurate and comprehensive reports addressing these areas (i.e., frequency response, intermittent generation, cyber and physical security, distributed energy resources (DER), etc.). Provide recommendations that facilitate addressing the reliability and security risks identified. Provide oversight, guidance, and direction to address key planning related issues.

5. **Standards Input** – Provide technical expertise and feedback to Standard Authorization Requests (SARs) that have reliability- or security-related impacts, provide foundational technical efforts that support the key reliability operational, planning and security related standards development, coordinate effectively with the Standards Committee to maintain alignment on priorities, develop and vet planning, operational and security guidelines that align with approved standards with industry stakeholders, and provide reliability risk information for prioritization of SARs and new or enhanced Reliability Standards.

6. **Metrics** – Provide direction, technical oversight, and feedback on the NERC Adequate Level of Reliability (ALR) metrics. Pioneer development of security metrics

7. **Event Analysis** – Review all event reports to determine lessons learned and good industry practices and promote the dissemination of information to the industry to enhance reliability.

8. **NERC Alerts** – Participate in the review and development of requests for industry actions and informational responses.


10. **System Operator Training** – Provide necessary support and guidance to facilitate System Operator training.\(^4\)

---

\(^4\) Currently the Personnel Subcommittee (PS), reports to the NERC Operating Committee and is the governing body of the NERC Continuing Education Program that oversees development and implementation of the Continuing Education (CE) Program requirements. The PS develops and updates, as necessary, the CE Program Manual. It may be better for this subcommittee to report to the NERC Personnel Certification Governance Committee. This transition would require a changes in NERC’s Rules of Procedure.
11. **Additional Activities and Outreach** – Opportunities to share lessons learned, information sharing by U.S. DOE National Labs, technical reports, security briefings, cyber reports and training, etc. will be broadened so more stakeholders can participate.

**Increasing effectiveness and efficiency by providing end-to-end solutions**

It is envisaged that the RSC would provide direction to the existing subgroups of the current PC, OC and CIPC that produce recurring deliverables that support ERO analytical work. As well, when emerging risks are identified, the RSC would determine the best way to get a better understanding of the technical aspects of the issues and the potential mitigating strategies. It is envisaged that it would approach this task through the creation of issue-specific task forces that would have well-defined mandates and deliverables. A single issue-specific task force could be structured to examine and report on planning, operational and security aspects of a given issue. Examples of past issues that the RSC might address in a more holistic way include essential reliability services (ERS), distributed energy resources (DER) and inverter-based resources. Future issues may include, for example, storage.

**Enhanced contact between RSC, the MRC and the NERC Board**

By replacing the three existing technical committees with one RSC, enhanced contact will result between the new RSC and the NERC Board. More time at Board and MRC meetings is envisaged to hear a report from the RSC and tee up specific items for discussion. As well, it is currently a challenge for Trustees to attend the OC, PC and CIPC meetings as they occur concurrently.

**General efficiencies**

The integration of the existing OC, PC, and CIPC provides efficiencies in terms of both NERC and industry support, although these are difficult to quantify at this time. For example, rather than nearly 120 members participating in the three existing technical committees, approximately 40 members will participate in the RSC. RSC meetings will continue to be conducted as open meetings, similar to the existing technical committee meetings.

**Recommended Participation Model:**

The SET is recommending a participation model for Option 2 which will be a hybrid of the existing models used in other committees. The number of RSC members and qualifications are based on:

- Sector representation which may or may not include all existing sectors
- Skills and knowledge criteria similar to the RISC
- Provisions for Canadian representation

**Reliability and Security Council Implementation Plan**

The first meeting of the RSC will be in early 2020 and the existing technical committees will be dissolved with the formation of the RSC. A detailed Implementation / Transition Plan will be developed after the SET receives Policy Input from the MRC and Board.
Chapter 5: Membership

Membership will be a hybrid model composed of sector representatives, at-large representatives, and non-voting members. Sector representation will be one member each for Sectors 1 – 10 and 12. Overall selection of members will consider RE area and Interconnection diversity, subject matter expertise (Planning, Operating, or Security) organizational type (Cooperatives, Investor-Owned Utilities, Public Power, Power Marketing Agencies, etc.) and country (Canada, Mexico, and U.S.). At-large representation will be used to fulfill a complete overall balanced representation and expertise in the RSC.

<table>
<thead>
<tr>
<th>Table 5.1: Summary of the SET’s Proposed Membership Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td>Sectors 1-10 and 12</td>
</tr>
<tr>
<td>At-Large</td>
</tr>
<tr>
<td>Chair and Vice Chair</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 5.2: Additional Non-Voting Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Voting Member</strong></td>
</tr>
<tr>
<td>NERC Secretary</td>
</tr>
<tr>
<td>United States Federal Government</td>
</tr>
<tr>
<td>Canadian Federal Government</td>
</tr>
<tr>
<td>Provincial Government</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Membership Qualifications

The RSC Charter will set forth that individuals qualified to serve on the RSC will include senior management and technical level (e.g., Manager, Director, Vice President, Principal, Lead Engineer) industry experts who have familiarity, knowledge, and experience in Planning, Operating, and/or Security. In addition, the RSC members are expected to have an understanding of Project Management culture and methods for delivering work products within scope, schedule, cost, and quality. The RSC members will collaborate to provide oversight of multi-disciplinary and cross-organizational initiatives to ensure that the work products achieve the ERO’s and RISC’s strategic objectives, enhance NERC’s critical functions, and collectively address planning, operating and security objectives. The RSC will primarily oversee development and implementation of risk mitigating technical solutions through the work of the subcommittees, working groups, and task forces.

Expectations

Members of the RSC are expected to support NERC’s reliability mission; execute the policies, directives, and assignments of the Board; and advise the Board on the technical perspectives of risk mitigating solutions for: operating reliability matters; transmission planning matters; reliability and resource adequacy matters; physical and cyber security matters. Additionally, the RSC will be responsible for ensuring the work of its subcommittees, working groups and task forces is completed in coordination with the efforts of the CCC, SC, PCGC, and the RISC.

5 With the ERO model maturing and Regional Entities an integral part of the ERO, Regional Entities (Sector 11) will not be directly represented on the stakeholder RSC. Sector 11 representatives will participate as RSC non-voting participants.
6 Mexican Government representation considered once they have joined NERC.
7 NERC’s mission is to “assure effective and efficient reduction of risks to the reliability and security of the bulk power system.”
8 Liaise with the Electricity Information Sharing and Analysis Center (E-ISAC).
Membership Selection
Nominations for expiring terms (Sector and At-Large) will be called for by NERC and are selected (for approval by the NERC Board of Trustees) by a Nominating Committee consisting of the NERC Board Vice Chair, NERC Chief Executive Officer, MRC Vice Chair, and the RSC’s Chair and Vice Chair. Representatives are selected based on the qualifications established in Membership and Membership Qualifications sections above. In addition to sector seat diversity, membership on the RSC should consider the following criteria in the selection of sector and at-Large representatives:

- Geographic and International (Canadian/Mexican) diversity, including a goal of having representatives based in each RE’s area and each Interconnection.
- Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity; and,
- Subject matter expertise in Operations, Planning, and/or Security including a reasonable balance of expertise among these three areas.

Nominations for sector members (Sectors 1-10 and 12) will be called for annually under a process that is open, inclusive, and fair, similar to the annual nomination process of the existing OC and PC. The nomination process will be completed in time for the secretary to send the list of nominees to the RSC Nominating Committee. Sector and at-large nominees may not represent more than one RSC sector at any one time and no single organization, including its affiliates, may have more than one member on the RSC. RE employees are not eligible to be at-large representatives.

The SET did not include the existing Sector 11 (Regional Entity) representation in the proposed model. The exclusion of Sector 11 reflects the maturation of the ERO enterprise and coordination within and between REs.

See Appendix C for sector and at-large definitions and descriptions.

Board Appointment and Membership Terms
Members are appointed to the RSC by the Board and serve on the RSC at the pleasure of the Board. Member terms are two years (with half of the terms ending in odd years and the remaining half ending in even years for both Sector and At Large representatives). Vacancies are filled using the same process as selection.

Officers
Officers will serve two-year terms and shall be selected as follows:

- Chair and vice chair selections are through nomination by the RSC with confirmation by the NERC Board.
- The chair and vice chair shall not be from the same sector.
- No individual may serve more than one sequential term as chair and one term as vice chair unless approved by the Board.
Chapter 6: Executive Committee

Authorization
The executive committee of the RSC is authorized by the RSC to act on its behalf between regular meetings on matters where urgent actions are crucial and full RSC discussions are not practical. Ultimate RSC responsibility resides with its full membership whose decisions cannot be overturned by the executive committee, and which retains the authority to ratify, modify, or annul executive committee actions.

Membership
The RSC will select an executive committee of six members, with consideration of sectors, Regions, Interconnections, and other representation factors, as follows:

1. Chair
2. Vice-chair
3. Four members from different sectors selected by the RSC Chair and Vice-Chair with subject matter expertise in Operations, Planning, and/or Security including a reasonable balance of expertise between the three areas. These members will be confirmed by the full RSC.

Terms
The executive committee will be replaced every two years, with the chair and vice chair replaced at the June meeting and the remaining four replaced at the September meeting. Vacancies between cycles may be filled by RSC leadership and approved by the RSC at its next meeting.
Chapter 7: Industry Review and Comment Timeline

The SET presented the two options described in Chapter 3 to the MRC at their May 2019 meeting and requested feedback on these options. In light of that feedback and further consideration, the SET decided unanimously that Option 2 was preferable to Option 1 and has worked over the May-July period to refine the details of the proposed RSC for stakeholder feedback and further MRC and Board consideration.

The SET will conduct an industry comment period from July 12-August 15, 2019 and conduct an industry webinar on August 8, 2019. There will be an MRC Informational Session webinar on July 19, 2019 to inform industry of the SET’s recommendations and to define the Policy Input questions regarding the proposal. There will be a Policy Input period July 11-31, 2019. The proposed recommendation will be presented to the MRC for policy input at their August 14, 2019 meeting. The SET may make revisions to the proposal based on MRC feedback. The final recommendation will be presented to the Board at their November 6, 2019 meeting with implementation to begin January 1, 2020.
Chapter 8: Elements of a Charter for the Reliability and Security Council

The SET reviewed existing charter and scope documents and recommends including the following in the Reliability and Security Council Charter:

1. Membership
   a. Representation
   b. Selection
   c. Terms
   d. Vacancies
   e. Proxies
2. Meetings
   a. Frequency
   b. Quorum
   c. Voting
   d. Confidential sessions
3. Officers
   a. Terms
   b. Conditions
   c. Selections
4. Voting
5. Subcommittees, Working Groups, Task Forces
   a. Formation and Cessation
   b. Work Plan Approval Process
# Appendix A: Stakeholder Engagement Team Roster

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership</strong></td>
<td></td>
</tr>
<tr>
<td>Jennifer Sterling (MRC Vice Chair)</td>
<td>Exelon</td>
</tr>
<tr>
<td>Mark Lauby</td>
<td>NERC</td>
</tr>
<tr>
<td><strong>Team Members</strong></td>
<td></td>
</tr>
<tr>
<td>Ken DeFontes</td>
<td>NERC Trustee</td>
</tr>
<tr>
<td>Fred Gorbet</td>
<td>NERC Trustee</td>
</tr>
<tr>
<td>Greg Ford (MRC Chair)</td>
<td>Georgia System Operations Corporation</td>
</tr>
<tr>
<td>Lloyd Linke (OC Chair)</td>
<td>Western Area Power Administration</td>
</tr>
<tr>
<td>Dave Zwergel (OC Vice Chair)</td>
<td>MISO</td>
</tr>
<tr>
<td>Brian Evans-Mongeon (PC Chair)</td>
<td>Utility Services, Inc.</td>
</tr>
<tr>
<td>Marc Child (CIPC Chair)</td>
<td>Great River Energy</td>
</tr>
<tr>
<td>Jennifer Flandermeyer (CCC Chair)</td>
<td>Kansas City Power &amp; Light</td>
</tr>
<tr>
<td>Jason Marshall</td>
<td>Wabash Valley Power Alliance</td>
</tr>
<tr>
<td>Patti Metro</td>
<td>NRECA</td>
</tr>
<tr>
<td>David Short</td>
<td>IESO</td>
</tr>
<tr>
<td>Martin Sidor</td>
<td>NRG Energy, Inc.</td>
</tr>
<tr>
<td>Scott Tomashefsky</td>
<td>Northern California Power Agency</td>
</tr>
<tr>
<td>Jeffrey Cook</td>
<td>Bonneville Power Association</td>
</tr>
<tr>
<td>Michael Desselle</td>
<td>Southwest Power Pool</td>
</tr>
<tr>
<td><strong>Additional Participants</strong></td>
<td></td>
</tr>
<tr>
<td>Edison Elizeh</td>
<td>Bonneville Power Association</td>
</tr>
<tr>
<td>Gaurav Karandikar</td>
<td>SERC</td>
</tr>
<tr>
<td>Phil Fedora</td>
<td>NPCC</td>
</tr>
<tr>
<td>David Zwergel</td>
<td>MISO</td>
</tr>
<tr>
<td>Jim Albright</td>
<td>TexasRE</td>
</tr>
<tr>
<td>Dave Godfrey</td>
<td>WECC</td>
</tr>
<tr>
<td>Tim Ponsetti</td>
<td>SERC</td>
</tr>
<tr>
<td>Melinda Montgomery</td>
<td>SERC</td>
</tr>
<tr>
<td>Maggie Peacock</td>
<td>SERC</td>
</tr>
<tr>
<td>John Odom</td>
<td>FRCC</td>
</tr>
<tr>
<td>Eric Senkowicz</td>
<td>FRCC</td>
</tr>
<tr>
<td>Jeff Craigo</td>
<td>RF</td>
</tr>
<tr>
<td>Ray Palmieri</td>
<td>RF</td>
</tr>
<tr>
<td><strong>NERC Staff</strong></td>
<td></td>
</tr>
<tr>
<td>James Merlo</td>
<td>Tom Hofstetter</td>
</tr>
<tr>
<td>Sam Chanoski</td>
<td>Nina Jenkins-Johnston</td>
</tr>
<tr>
<td>John Moura</td>
<td>Trion King</td>
</tr>
<tr>
<td>Stephen Crutchfield</td>
<td>Sandy Shiflett</td>
</tr>
<tr>
<td>Mark Olson</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix B: Existing Participation Models

### Table B.1: Existing Participation Models

<table>
<thead>
<tr>
<th>RISC</th>
<th>CIPC</th>
<th>OC/PC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pool of Experts</strong></td>
<td><strong>Regional Entity Representation</strong></td>
<td><strong>Balanced Sectors</strong></td>
</tr>
<tr>
<td><strong>Member Composition</strong></td>
<td><strong>32 Voting Members</strong></td>
<td><strong>29 Voting Members</strong></td>
</tr>
</tbody>
</table>
| 6 – Stakeholder based  
  • 4 – MRC  
  • 2 – At-Large | 24 – registered entities  
  (3 from each Regional Entity) | 27 – Sectors 1-12  
  • 2 – Chair and Vice Chair |
| 5 – Committee based  
  • 1 – from each of the standing committees (OC/PC/CIPC/CCC/SC) | 2 – Canada  
  2 – Policy Experts  
  2 – APPA  
  2 – NRECA | 2 – Chair and Vice Chair |
| **Selecting Body** | **Stakeholder Based**  
  Nominating Committee (chaired by the MRC Vice-Chair) presents a recommended slate of candidates to the Board. | Self-nomination from groups identified above  
  Subject to removal by Executive Committee |
| **Committee Based**  
  Board appointed | | Candidates are elected by the registered NERC Members in Sectors 1-10 and 12.  
  Members in Sector 11 are appointed by the Regional Entity. |
| **Criteria** | Geographic and International diversity, such that Eastern, Western, and Texas Interconnections, along with Canada are represented on the RISC;  
  Sector, size, and asset (transmission, distribution, load, generation, etc.) diversity;  
  High-level understanding and perspective on reliability risks;  
  Experience in a leadership role or background in an executive-level position is strongly preferred; and Balanced consideration of these criteria, across the entire membership of the RISC. | Each RE’s voting members must collectively have expertise in physical security, cyber security and operations  
  Investor-Owned Utility  
  State/Municipality  
  Cooperative Utility  
  Federal or Provincial Utility / Federal Power Marketing Administration  
  Transmission Dependent Utility  
  Merchant Electricity Generator  
  Electricity Marketer  
  Large End-User Electricity Customer  
  Small End-User Electricity Customer  
  Independent System Operator / Regional Transmission Organization |

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3 Sectors 1-3, 5-9, and 11-12 have two voting members each. Sector 4 has four voting members and Sector 10 has three voting members.
## Appendix B: Existing Participation Models

<table>
<thead>
<tr>
<th>Non-Voting Members</th>
<th>Identified list of organizations</th>
<th>Government representatives (including Canada)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Secretary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chair and Vice Chair of the subcommittees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Regional Entity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State Government</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Officers</td>
</tr>
</tbody>
</table>
## Appendix C: Reliability and Security Council Member Definitions

<table>
<thead>
<tr>
<th>RSC Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voting Members</strong></td>
</tr>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td>1. Investor-Owned Utility</td>
</tr>
<tr>
<td>2. State/Municipal Utility</td>
</tr>
<tr>
<td>3. Cooperative Utility</td>
</tr>
<tr>
<td>4. Federal or Provincial Utility/Federal Power Marketing Administration</td>
</tr>
<tr>
<td>5. Transmission dependent Utility</td>
</tr>
<tr>
<td>6. Merchant Electricity Generator</td>
</tr>
<tr>
<td>7. Electricity Marketer</td>
</tr>
</tbody>
</table>
### RSC Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8. Large End-User Electricity Customer</strong></td>
<td>This sector includes any entity in North America with at least one service delivery taken at 50 kV or higher (radial supply or facilities dedicated to serve customers) that is not purchased for resale; and any single end-use customer with an average aggregated service load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. This sector also includes organizations that represent the interests of such entities.</td>
<td>1</td>
</tr>
<tr>
<td><strong>9. Small End User</strong></td>
<td>This sector includes any person or entity within North America that takes service below 50 kV; and any single end-use customer with an average aggregated service load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. This sector also includes organizations (including state consumer advocates) that represent the interests of such entities.</td>
<td>1</td>
</tr>
<tr>
<td><strong>10. Independent System Operator/Regional Transmission Organization</strong></td>
<td>This sector includes any entity authorized by the Commission to function as an independent transmission system operator, a Regional transmission organization, or a similar organization; comparable entities in Canada and Mexico; and the Electric Reliability Council of Texas or its successor. This sector also includes organizations that represent the interests of such entities.</td>
<td>1</td>
</tr>
<tr>
<td><strong>12. State Government</strong></td>
<td>This sector includes any state government department or agency in the United States having a regulatory and/or policy interest in the Bulk Electric System (BES).</td>
<td>1</td>
</tr>
</tbody>
</table>

### Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chair and Vice Chair</strong></td>
<td>Entities that collectively meet the following general criteria for balanced representation: (i) geographic diversity from all U.S. interconnections and ERO Enterprise Regional Entities, (ii) high-level understanding and perspective on reliability risks based on experience at an organization in the electricity sector, (iii) operations, planning and/or cybersecurity experience and expertise from an organization in the electricity sector, and, (iv) experience in an executive-level position at an organization in the electricity sector. Excludes Regional Entity staff.</td>
</tr>
</tbody>
</table>

### At Large

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United States Federal Government</strong></td>
<td>Any entity in the United States having a regulatory or policy interest in wholesale electricity. Entities with regulatory oversight over the Corporation or any Regional Entity, including U.S., Canadian, and Mexican federal agencies and any provincial entity in Canada having statutory oversight over the Corporation or a Regional Entity with respect to the approval and/or enforcement of Reliability Standards, may be non-voting members of this sector.</td>
</tr>
<tr>
<td><strong>Canadian Federal Government</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>Provincial Government</strong></td>
<td>1</td>
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</tbody>
</table>

### Secretary

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The committee secretary is a NERC staff member appointed by NERC management and will be seated at the committee table</strong></td>
<td>1</td>
</tr>
</tbody>
</table>
Standards Efficiency Review

Action
Update

Background
As part of its continuing focus on supporting the success and evolution of NERC Reliability Standards to ensure they appropriately address risks to the bulk power system, NERC, in consultation with stakeholders, developed a process to review the existing body of Reliability Standards to determine whether any requirements have little or no reliability benefit and could be retired or modified for efficiency gain. This effort is referred to as the Standards Efficiency Review (SER).

Following the conclusion of Phase 1 of the SER project, NERC staff submitted two petitions for the approval of Reliability Standards requirement retirements in the INT, FAC, PRC, and MOD Reliability Standards families (RM19-17-000), and in the IRO, TOP, and VAR Reliability Standards families (RM19-16-000). These proposals were developed under Project 2018-03 SER Retirements.

Work continues under Phase 2 of the SER project. Following a feedback period ending in May 2019, the SER working team finalized a prioritized list of four efficiency concepts. The four concepts considered in scope, and to be pursued by the SER Phase 2 team include: (1) Evidence Retention Overhaul, (2) Consolidate Information/Data Exchange Requirements, (3) Move Requirements to Guidance, and (4) Prototype Standard. The concept names and respective recommendations may be adjusted in the future. Two remaining concepts will be transitioned to another group, and no longer pursued by the SER team. These two concepts include (1) Consolidate and Simplify Training Requirements and (2) Relocate Competency-based Requirements to Certification Program/Compliance Monitoring and Enforcement Program (CMEP) Controls Review.

At its June 11, 2019 meeting in Atlanta, the SER Advisory Group endorsed the scope of the CIP SER project, which is: “using a risk-based approach, evaluate NERC Critical Infrastructure Projection (CIP) Reliability Standards in order to identify potential efficiencies through retirement or modification of Reliability Standard Requirements.” The CIP SER scope and approach will be very similar to SER Phase 1 for Operations and Planning requirements.

Key Deliverables and Timeline
- SER Phase 2: Evidence Retention Recommendations (2019 Q3)
- SER Phase 2: Consolidate Information/Data Exchange Requirements Recommendations (2019 Q4)
- SER Phase 2: Other concept recommendations (TBD)
- CIP SER: Working team nomination period (July – August 2019)
- CIP SER: Industry input period (July – August 2019)
• CIP SER: Analysis of industry input (September – October 2019)
• CIP SER: Initial Standards Authorization Request drafted for retirements (TBD)
**Additional Policy Discussion of Key Items from Board Committee Meetings**

**Action**
Discussion of specific items presented at the Board of Trustees (Board) Committee meetings. Staff presentations made at the Board Committee meetings will not be duplicated at the Member Representatives Committee (MRC) meeting.

**Summary**
On August 14, 2019, the MRC can expect to continue its increased participation and dialogue during the Board Committee meetings. The MRC will have additional time for policy discussion, as part of its own agenda, to respond to the information that is presented during the Committee meetings.

The August 14, 2019, Board committee agendas and associated background materials will be posted on the following webpages:

- Finance and Audit Committee
- Corporate Governance and Human Resources Committee
- Technology and Security Committee
MRC Input and Advice on Board Agenda Items and Accompanying Materials

**Action**
Discussion

**Background**
Article VIII, Section 1 of the [NERC Bylaws](https://www.nerc.com/) states that the MRC shall have the right and obligation to “provide advice and recommendations to the board with respect to the development of annual budgets, business plans and funding mechanisms, and other matters pertinent to the purpose and operations of the Corporation.”

In the policy input letter issued on July 12, 2019, the NERC Board of Trustees (Board) requested comments on the preliminary agenda topics for the August Board meeting that were reviewed during the July 19, 2019 MRC Informational Session. At the August 14, 2019, meeting, MRC members should come prepared to provide input on behalf of their sectors on the Board’s formal agenda package posted on August 1, 2019.
2019 ERO Reliability Risk Priorities Report Preview

**Action**
Update

**Summary**
The Reliability Issues Steering Committee (RISC) is an advisory committee to the NERC Board of Trustees (Board). The RISC provides key insights, priorities, and high-level leadership for issues of strategic importance to BPS reliability. The RISC advises the Board, NERC standing committees, NERC staff, regulators, REs, and industry stakeholders to establish a common understanding of the scope, priority, and goals for the development of solutions to address emerging reliability issues. The RISC provides guidance to the ERO Enterprise and the industry to effectively focus resources on the critical issues to improve the reliability of the bulk power system (BPS).

The ERO Reliability Risk Priorities report (RISC report) presents the results of the RISC’s continued work to strategically define and prioritize risks to the reliable operation of the BPS and thereby provide recommendations to the Board regarding the approach that NERC should take to enhance reliability and manage those risks.

Mr. Nelson Peeler, RISC chair, will provide a comprehensive preview of the RISC report at the MRC’s August 14, 2019 meeting.
**ERO Enterprise Long-Term Strategy**

**Action**
Discussion

**Background**
In the past, the ERO Enterprise (NERC and the Regional Entities) developed a three-year strategic plan that was updated annually. Over time, it became clear that this plan was more focused on operations, and it was renamed the *ERO Enterprise Operating Plan*, updated biennially. ERO Enterprise leadership then developed the *ERO Enterprise Long-Term Strategy*, which was last approved by the NERC Board of Trustees on November 9, 2017. This long-term strategy consists of strategic focus areas that are intended to be reviewed on a periodic basis to identify any needed adjustments. One the sources used to gauge the need for updates to the long-term strategy is the Reliability Issues Steering Committee’s (RISC’s) biennial *ERO Reliability Risk Priorities* (RISC report), now in production for delivery later in 2019. This report documents the results of the RISC’s continued work to identify key risks to the bulk power system (BPS) and provide recommendations to mitigate those risks.

The operating plan and long-term strategy guide the annual *ERO Work Plan Priorities* and NERC and Regional Entity annual business plans and budgets (BP&Bs). In an effort to consolidate and streamline these strategic and operational planning efforts, ERO Enterprise leadership has decided to transition away from the use of the operating plan by replacing it through updates to the current long-term strategy and allowing (1) the annual BP&Bs to continue to set the specific annual activities, resources, and resource allocation in support of ERO Enterprise operations and (2) the work plan priorities to summarize the most critical goals and objectives for the year.

**Summary**
With the ERO Enterprise transitioning away from the operating plan and the RISC’s work to deliver a RISC report later in 2019, ERO Enterprise leadership is currently reviewing the *ERO Enterprise Long-Term Strategy* to (1) incorporate certain items previously reflected in the operating plan and (2) ensure alignment with the RISC’s identified risks to the BPS and associated criticality. On August 14, 2019, ERO Enterprise leadership will provide an update on the status of its efforts to revise the long-term strategy, review proposed updates to the strategic focus areas, and discuss next steps.
Supply Chain Data Request

Action
Information

Background
In May 2019, the Board of Trustees (Board) accepted in substantial form NERC staff’s final supply chain report titled Cyber Security Supply Chain Risks: Staff Report and Recommended Actions. In this report, NERC staff evaluated the risks posed by different categories of devices and systems not currently addressed by the Supply Chain Standards (Reliability Standards CIP-005-6, CIP-010-3, and CIP-013-1) and made recommendations for further action.

With respect to low impact BES Cyber Systems, NERC staff recommended that NERC use its authority under Section 1600 of the NERC Rules of Procedure obtain more information about the nature and number of BES Cyber Systems currently in use. This information would help NERC better understand the risks associated with low impact BES Cyber Systems, particularly those with external routable connectivity. This information, combined with the results of voluntary industry surveys, would assist NERC and its stakeholders in determining whether to modify the Supply Chain Standards to include these systems.

In accepting the report, the Board stated that it expected NERC would move with all deliberate speed to collect the necessary data to assess the potential risks associated with low impact BES Cyber Systems and report back to the Board.

To meet the Board’s expectations for a prompt evaluation of the cyber security supply chain risks associated with low impact BES Cyber Systems, NERC staff proposed a shortened posting for comment schedule for the proposed Section 1600 request for data or information. The NERC Board authorized the shortened comment period at its June 13, 2019 meeting. The proposed Section 1600 request for data or information was posted for a 20 day industry comment period on July 2, 2019. NERC staff evaluated the comments provided and will provide a summary of those comments and changes made to the data request in response at this meeting.

Additional Information
A link to the Supply Chain Data Request is included here for reference:
[Supply Chain Risk Assessment Data Request]
[Supply Chain Risk Assessment Data Request - Redline to Draft]
[Supply Chain Risk Assessment Data Request Response to Comments]
Update on FERC Reliability Matters

Action
Information

Summary
At the August 14, 2019, MRC meeting, Andrew Dodge, Deputy Director, Office of Electric Reliability, FERC, will provide an update on recent FERC activity.
FERC and NERC Staff Report on South Central U.S. Cold Weather Event of January 17, 2018

**Action**
Update

**Summary**
At the August 14, 2019, MRC meeting, FERC and NERC staff will provide an update on the South Central U.S. Cold Weather Event of January 17, 2019 Joint Report that was released on July 18, 2019.
Standing Committee Highlights: Compliance and Certification Committee

**Action**
Information

**Background**
The NERC Compliance and Certification Committee (CCC) is a Board-appointed stakeholder committee that supports and advises the NERC Board of Trustees (Board) and NERC compliance staff regarding all facets of NERC’s Compliance Monitoring and Enforcement Program (CMEP) and Organization Registration Certification Program (ORCP).

Since the committee operates independent from the execution of these programs, the CCC is also responsible for the ongoing monitoring of NERC’s compliance with the Rules of Procedure for these programs. In a similar manner, as a committee independent of the Reliability Standards development process, the CCC is responsible for monitoring NERC’s compliance with the Rules of Procedure regarding the Reliability Standards development process, except for appeals of substantive or procedural action or inaction associated with a Reliability Standard, or the standards process as defined in the appeals section of the Reliability Standards Development Procedure.

Membership consists of 33 representatives from the U.S. and Canada, designed to provide a balance of regional, technical, and policy expertise to the committee. CCC members are appointed by the NERC Board to serve three-year terms.

**Highlights and Collaboration Initiatives**
The CCC, in addition to its chartered responsibilities, is committed to and strongly focused on collaboration in support of the ERO mission. In this capacity, the CCC partners with NERC to do the following:

- **Support CMEP and Registration/Certification processes**
  - Actively participate in annual audit and risk planning
  - Support regional entity compliance program audits executed by NERC’s internal auditing group

- **Collaborate with the ERO on a variety of ERO Initiatives**
  - Provide direct feedback to NERC staff regarding ERO Initiatives, such as the ERO Enterprise Program Alignment and the Align project, on behalf of industry
  - Develop portion of biennial ERO Stakeholder Effectiveness Survey focusing on compliance monitoring, organization registration and certification
  - Shape input on development of Implementation Guidance process

- **Serve as a resource for NERC as a barometer for industry response**
  - Conduct focused discussions to bridge stakeholder understanding of key technical and policy issues
- Work with the ERO Enterprise to address clarity issues related to RSAWs
- Participate in discussions to identify emerging risks to reliability