

Minutes

Member Representatives Committee

February 6, 2019 | 1:15 p.m. - 5:15 p.m. Pacific

westdrift Manhattan Beach, Autograph Collection
1400 Park View Avenue
Manhattan Beach, California 90266

Outgoing Chair Jason Marshall, with incoming Chair Greg Ford and incoming 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 February 6, 2019, at 1:15 p.m., Pacific, 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. Marshall welcomed Committee members and attendees, and expressed his appreciation for the privilege of serving as Chair and Vice Chair of the Committee. He thanked the NERC Board of Trustees (Board), MRC members, Mr. Ford, and past MRC chairs for their support and highlighted several activities from the past year.

Mr. Ford welcomed new and returning MRC members, acknowledging the Board, Andy Dodge and others from Federal Energy Regulatory Commission (FERC), Katie Jereza from the Department of Energy, State Commissioners David Clark and Matt Schuerger, CAMPUT representative David Morton, and Brad Little from Natural Resources Canada. He noted the retirement of Steve Naumann, former MRC member and chair. Mr. Ford reminded attendees that full presentations were conducted at the Board committee meetings and would not be repeated during the MRC meeting. He acknowledged the MRC's responses to the policy input request from Roy Thilly, Chairman 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 November 6, 2018, and January 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.

Election of NERC Trustees

Board members eligible for election or re-election were excused from the room. Fred Gorbet, Chair of the Board Nominating Committee (BOTNC), provided a report and recommendation for election of four Board members. The MRC unanimously approved the re-election of Bob Clarke, Ken DeFontes, and Dave Goulding and election of Colleen Sidford for three-year terms ending in 2022. Mr. Ford welcomed the new trustees and thanked continuing trustees for their continued service. Mr. Ford also solicited volunteers from the MRC to serve on this year's BOTNC.

NERC Participant Conduct Policy

Mark Lauby, senior vice president and chief reliability officer at NERC, explained that the purpose of the NERC Participant Conduct Policy (Policy) is to ensure meetings are professional, constructive, and respectful to all participants. He provided an overview of the four sections of the Policy: (1) general purpose; (2) policy; (3) restrictions on participation; and (4) NERC email list use. Mr. Berardesco added the Policy would be clarified to add an opportunity for groups to share embargoed reports to a slightly larger group, with NERC staff approval, and that the final Policy would be posted on the NERC website. He also added that the Policy only applies to committees created through the Board, which does not include the MRC. Therefore, Mr. Berardesco will work with Mr. Ford and Ms. Sterling to develop a similar MRC policy for sharing embargoed reports.

MRC Effectiveness Survey

Mr. Ford noted that the MRC completed a self-assessment in January which was similar to a self-assessment completed in 2012. Separately from the self-assessment, current voting MRC members and Board members can expect to receive an MRC effectiveness survey on February 19, 2019, with responses due March 11, 2019. Mr. Ford noted that action plans would be developed based on responses to both the self-assessment and effectiveness survey and would be discussed during the May 2019 meetings.

Responses to the Board's Request for Policy Input

Mr. Ford acknowledged the MRC's responses to Mr. Thilly's January 2, 2019, letter requesting policy input on the 2019 ERO Enterprise dashboard and ERO work plan priorities and special reliability assessment development, in addition to the preliminary agenda topics for the February meetings.

2019 ERO Enterprise Dashboard and ERO Work Plan Priorities

Mr. Ford noted that the 2019 ERO Enterprise Dashboard and ERO Work Plan Priorities discussed during the Corporate Governance and Human Resources Committee meeting in the morning. MRC members expressed appreciation for NERC addressing the comments provided.

Special Reliability Assessment Development

James Merlo, vice president of reliability risk management at NERC, noted that the NERC Rules of Procedure calls for the development of special reliability assessments focusing on emerging risks. Mr. Merlo stated that the Board requested policy input in January 2019 on the integration of significant amounts of battery storage. He discussed the policy input received and highlighted potential additional assessment topics based on policy input. Mr. Merlo noted that some topics may be more suited for an engineering study than a special assessment.

- MRC members generally supported looking at storage on the grid. Some suggestions included doing a study first, ensuring consideration of cyber security aspects, and considering excluding micro-grids.
- MRC members expressed interest in visibility on the list of potential topics, how each topic will be addressed, and the priority for each.

Additional Policy Discussion of Key Items from Board Committee Meetings

Attendees did not have any additional comments related to the Board's Compliance Committee, Finance and Audit Committee, and Technology and Security Committee meetings.

Corporate Governance and Human Resources Committee

An MRC member asked how responses to the 2018 ERO Enterprise Effectiveness Survey would feed into the effectiveness and efficiency efforts. Scott Jones, senior vice president, chief financial and administrative officer at NERC, discussed the remaining timeline for the final report on the survey results, which will be presented and discussed at the May MRC meeting, and noted that some of the results and actions identified will inform activities related to the effectiveness and efficiency efforts.

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.

Supply Chain Report

Howard Gugel, senior director of engineering and standards at NERC, reviewed the Board resolutions on the supply chain standard and discussed the interim supply chain risk study prepared at the request of the Board. He reviewed risks, mitigation factors, and recommendations around electronic access control or monitoring systems, physical access control systems, low impact Bulk Electric System cyber systems, and protected cyber assets, and highlighted the preliminary conclusions in the interim report. Mr. Gugel noted that policy input will be requested on the recommendations included in the revised report. A summary of all policy input and a final draft report will be submitted to the Board for its acceptance at the May meetings. The final report will be filed with FERC after Board acceptance, and a SAR will be developed in June to address the final recommendations, as appropriate.

- MRC members encouraged NERC to consider endorsing the method of using third-party accreditation processes, potentially through either Implementation Guidance or a Reliability Guideline.

Effectiveness and Efficiency: Stakeholder Engagement

Mr. Lauby reviewed the objectives of the effectiveness and efficiency effort through a "four-legged" approach: (1) NERC initiatives; (2) Regional Entity initiatives; (3) ERO Enterprise coordination costs and opportunities; and (4) stakeholder engagement opportunities. He provided an update on the efforts specifically related to stakeholder engagement opportunities, noting that a stakeholder engagement team was formed to consider whether there is a more effective and efficient structure for the NERC standing committees (i.e., Operating Committee, Planning Committee, and Critical Infrastructure Protection Committee). The stakeholder engagement team met on January 18, 2019, to refine the scope and work plan, begin the evaluation process, and gather lessons learned from Regional Entities that have

transformed their committee structures. During the meeting, the stakeholder engagement team established project work streams, identified deliverables, and developed a project work schedule. The work streams include reviewing the existing ERO committee structure, assessing best practices and lessons learned, and developing a proposed structure, participation model, implementation plan, and proposed committee and task force charter templates. Mr. Lauby noted that the current plan is to distribute a draft report for policy input in July and present the results and recommendations to the MRC and Board in August 2019.

Standing Committee Highlights: Personnel Certification Governance Committee

Brett Hallborg, PCGC member, provided an overview of the Personnel Certification Governance Committee (PCGC) which provides oversight to the policies and processes used to implement and maintain the integrity and independence of the NERC System Operator Certification (SOC) program. He reviewed membership representation, the purpose of the exam working group, and recent PCGC projects including linear on-the-fly testing in 2016, the SOC continuing education database (SOCCED) transition in 2017, and a SOC program survey in 2017. Mr. Hallborg explained the purpose of the survey was to gather information from industry stakeholders related to the evolving NERC SOC program, noting that the current program consists of four credentials. Based on responses to the survey, the PCGC will issue a whitepaper on February 11, 2019, proposing to change the program to have one credential and require 140 continuing education hours to maintain the credential. Mr. Hallborg encouraged industry to provide comments on the whitepaper when it is issued.

Update on FERC Reliability Matters

Andy Dodge, director of the Office of Electric Reliability (OER) at FERC, provided an update on the following FERC reliability activities: Geomagnetic Disturbance Reliability Standard; removing barriers to storage participation; transmission incentives; market actions with reliability implications; the ERO five-year self-assessment; and Reliability Coordinator transitions in the west.

Regulatory Update

Mr. Berardesco invited questions or comments regarding the regulatory report, which highlights Canadian and Mexican affairs, as well as past and future significant FERC filings.

Adjournment

There being no further business, the meeting was adjourned.

Submitted by,



Kristin Iwanechko

Secretary

Agenda

Member Representatives Committee

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(Please note the schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)

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Conference Room: Loftlight (Lobby Level)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Consent Agenda

1. **Minutes - (Approve)**
 - a. November 6, 2018 Meeting*
 - b. January 9, 2019 Conference Call*
2. **Future Meetings***

Regular Agenda

3. **Election of NERC Trustees* - (Elect)**
4. **NERC Participant Conduct Policy***
5. **MRC Effectiveness Survey**
6. **Responses to the Board's Request for Policy Input***
 - a. 2019 ERO Enterprise Dashboard and ERO Performance Objectives
 - b. Special Reliability Assessment Development*
7. **Additional Policy Discussion of Key Items from Board Committee Meetings***
 - a. Corporate Governance and Human Resources Committee
 - b. Compliance Committee
 - c. Finance and Audit Committee
 - d. Technology and Security Committee
8. **MRC Input and Advice on Board Agenda Items and Accompanying Materials***

- 9. Supply Chain Report***
- 10. Effectiveness and Efficiency: Stakeholder Engagement***
- 11. Standing Committee Highlights: Personnel Certification Governance Committee***
- 12. Update on FERC Reliability Matters***
- 13. Regulatory Update***

*Background materials included.

Member Representatives Committee - Attendance (February 6, 2019)

Voting Members

First Name	Last Name	Sector
Greg	Ford	Chair
Jennifer	Sterling	Vice Chair
Katherine	Prewitt	1. Investor-Owned Utility
Lou	Oberski	1. Investor-Owned Utility
Carol	Chinn	2. State/Municipal Utility
Roy	Jones	2. State/Municipal Utility
Don	Gulley	3. Cooperative Utility
Jason	Marshall	3. Cooperative Utility
Lam	Chung	4. Federal/Provincial
Paul	Choudhury	4. Federal/Provincial
Sylvain	Clermont	4. Federal/Provincial
Lloyd	Linke	4. Federal/Provincial
Bill	Gallagher	5. Transmission Dependent Utility
John	Twitty	5. Transmission Dependent Utility
Martin	Sidor	6. Merchant Electricity Generator
Donald	Holdsworth	6. Merchant Electricity Generator
Ben	Engleby	7. Electricity Marketer
Kara	Beckmann	8. Large End-Use Electricity Customer
Devin	Hartman	8. Large End-Use Electricity Customer
Jackie	Roberts	9. Small End-Use Electricity Customer - Proxy Kristin Munsch
Kristin	Munsch	9. Small End-Use Electricity Customer
Bill	Magness	10. ISO/RTO
Peter	Gregg	10. ISO/RTO
Gordon	van Welie	10. ISO/RTO
Silvia	Parada Mitchell	11. Regional Entity - MRO
Harvey	Reed	11 Regional Entity - NPCC
Matt	Schuerger	12. State Government
David	Clark	12. State Government

Non-Voting Members

First Name	Last Name	Sector
David	Morton	Canadian Provincial
Bruce	Walker	U. S. — Federal - Proxy Catherine Jereza
Andy	Dodge	U. S. — Federal
Todd	Hillman	Regional Entity - SERC
Lisa	Barton	Regional Entity - RF
Rob	McGarrah	Regional Entity - FRCC - Proxy Stacy Dochoda
Melanie	Frye	Regional Entity - WECC - Proxy Steve Goodwill
Liz	Jones	Regional Entity - Texas RE
Kristin	Iwanechko	Secretary