

Agenda

Member Representatives Committee

Pre-Meeting Informational Session

April 14, 2021 | 11:00 a.m. – 12:00 p.m. Eastern

Attendee WebEx: [Click to Join](#)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. Schedule and Preliminary Agenda Topics for the May 2021 Board, Board Committees, and MRC Meetings*
2. Overview of Policy Input Letter
 - a. Reliability and Security Technical 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.

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NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Member Representatives Committee (MRC)

Pre-Meeting and Informational Webinar
April 14, 2021

RELIABILITY | RESILIENCE | SECURITY



- Review schedule and preliminary agenda topics for the May 2021 Board, Board Committees, and MRC meetings
- Review policy input letter topic
 - Reliability and Security Technical Committee

- **April 7:** Policy input letter issued
- **April 28:** Written comments due on policy input topics and preliminary agenda topics
- **April 29:** Board and MRC agenda packages and policy input letter comments posted
- **May 6:** Board and MRC presentations posted
- **May 12-13:** Board Committee, Board, and MRC open meetings

Schedule of May 12-13 Board and MRC Open Conference Calls

Wednesday, May 12, 2021	
11:00 a.m.-11:45 a.m.	Corporate Governance and Human Resources Committee Meeting — <u>Open</u>
12:30-1:45 p.m.	Technology and Security Committee Meeting — <u>Open</u>
2:30-3:30 p.m.	Finance and Audit Committee Meeting — <u>Open</u>
Thursday, May 13, 2021	
11:00 a.m.-1:00 p.m.	Member Representatives Committee Meeting — <u>Open</u>
2:00 p.m.-5:00 p.m.	Board of Trustees Meeting — <u>Open</u>

- Review Board Committees' Self-Assessment Surveys Results
- Annual Review of Trustee Compensation
- Staffing and Recruiting Update

- E-ISAC Operations Update
- ERO Enterprise Align Project Update
- ERO Enterprise Business Technology Projects Update

- Review and Approve Second Quarter Calendar of FAC Responsibilities
 - 2020 Financial Statement Audit Results
 - First Quarter Statement of Activities
 - NERC Summary of Results as of March 31, 2021
 - Total ERO Enterprise Summary of Results as of March 31, 2021
 - Regional Entity Variance Reports as of March 31, 2021
- Approve Renewal of Line of Credit
- 2022 Business Plan and Budget Update

- **General Updates and Reports**
 - Board of Trustees Nominating Committee Update
 - Business Plan and Budget Input Group Update
 - Regulatory Update
 - MRC Effectiveness Survey Results
- **Policy and Discussion Items**
 - Responses to the Board's Request for Policy Input
 - Reliability and Security Technical Committee
 - Additional Policy Discussion of Key Items from Board Committee Meetings
 - MRC Input and Advice on Board Agenda Items and Accompanying Materials
 - Standards Efficiency Review Update

- **Technical Updates**
 - Update on FERC Reliability Matters
 - Bulk Power System Situation Awareness Update
 - Ensuring Energy Adequacy with Energy-Constrained Resources

- Committee Membership and Charter Amendments
- Report on the March 15, May 10, and May 12, 2021 Closed Meetings
- Board Committee Reports
 - Accept 2020 Financial Statement Audit Results
 - Accept First Quarter Statement of Activities
 - Approve Renewal of Line of Credit
- Standards Quarterly Report and Actions
 - Adopt Project 2015-09 Establish and Communicate System Operating Limits
 - Low Impact BES Cyber Asset Update
 - Cold Weather Standard Update

- **Other Matters and Reports**
 - Discuss Policy Input and Member Representatives Committee Meeting
 - Approve WECC Reliability Standards Development Procedure
 - Approve Proposed Revisions to Section 1003 of the Rules of Procedure
 - Approve Proposed Rules of Procedure Revisions for Compliance Monitoring and Enforcement Program and Training and Education Program
 - 2021 Summer Reliability Assessment Preview
 - 2021 State of Reliability Report Preview
 - 2021 ERO Enterprise Reliability Indicators Update
- **Committee, Forum, and Group Reports**



Questions and Answers

Reliability and Security Technical Committee

Action

Policy Input

Background

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 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 NERC technical committee structure and to develop a recommendation. The SET was comprised of members of the Board, NERC executive leadership, representatives from the MRC, the chairs of the existing technical committees (Operating, Planning, and Critical Infrastructure Protection), other stakeholder volunteers, and NERC staff. The SET considered multiple options, including maintaining the existing committee structure, for fulfilling the ERO Enterprise need for participatory technical input on matters of reliability and security of the North American bulk power system (BPS). The SET determined that a new [Reliability and Security Technical Committee \(RSTC\)](#) should be launched that replaces the three technical committees noted above to best meet the vision for effective and efficient technical input.

In July and August 2019, the Board sought policy input from the MRC and the SET sought comments from industry regarding the proposed committee structure. Based on the policy input and comments, the SET developed responses and made conforming revisions to the proposal, including the participation model and transition timeline. In November 2019, the Board accepted the [proposal](#) and approved the [RSTC charter](#) along with the transition plan. The RSTC's first meeting was planned for March 2020.

RSTC Transition Objectives

1. Stand up the RSTC to deliver on the goals outlined in its charter;
2. Maintain continuity in all ongoing, high-value work across the subgroups;
3. Capture best practices and synergies through the integration of processes across the "legacy" committees;
4. Create a more collaborative and bottoms-up operating model that clearly documents roles, responsibilities, and processes, and supports subgroups while maintaining alignment to overall NERC strategy; and
5. Provide more effective and efficient processes for technical input on risks to North American BPS reliability and security.

Progress to Date

The RSTC held its first initial half day in-person meeting in early March 2020 in conjunction with the final technical committee meetings. At that time, it was not apparent that this would be their only in-person meeting for at least another year and a half. All meetings have been held virtually since March 2020. As the Committee was stood up in the middle of a pandemic, the initial formalizing and normalizing phases of a new working committee was more challenging than planned. However, a great deal of progress has been made to achieve the above objectives.

Major Improvements of the RSTC Restructuring

- **Subgroup Structure**
 - Developed three program areas to coordinate work flows: **Performance Monitoring, Risk Mitigation,** and **Reliability and Security Assessment** (see Figure 1 below)
 - Reduced subgroups from 31 to 23, which included retiring eight sub-groups, creating one new subcommittee focused on new technology integration, merging two working groups, and forming two new groups focused on energy reliability assessment and facility ratings
 - A number of groups became User Groups: **Demand Availability Data System, Generating Availability Data System, Transmission Availability Data System,** and **Misoperation Information Data Analysis System** (TADS, DADS, GADS, MIDAS), which will meet once a year to support data submittal enhancements and training
- **Internal Collaboration and Processes**
 - Incorporated a Sponsor program to improve coordination and development of work processes between the RSTC members and the individual subgroups
 - Use of the Executive Committee to swiftly “spin-up” task forces quickly to address emerging risks
- **Cross Coordination**
 - Provides lead support to the Standing Committee Coordination Group (SCCG)
 - Increased coordination with the Reliability Issues Steering Committee (RISC) and developed a work plan aligned with the RISC’s [ERO Reliability Risk Priorities Report](#)
 - Jointly published with the RISC a [Framework to Address Known and Emerging Reliability and Security Risks](#) (Framework) focused on how risks are identified, prioritized, mitigated and monitored, that was accepted by the Board in February 2021

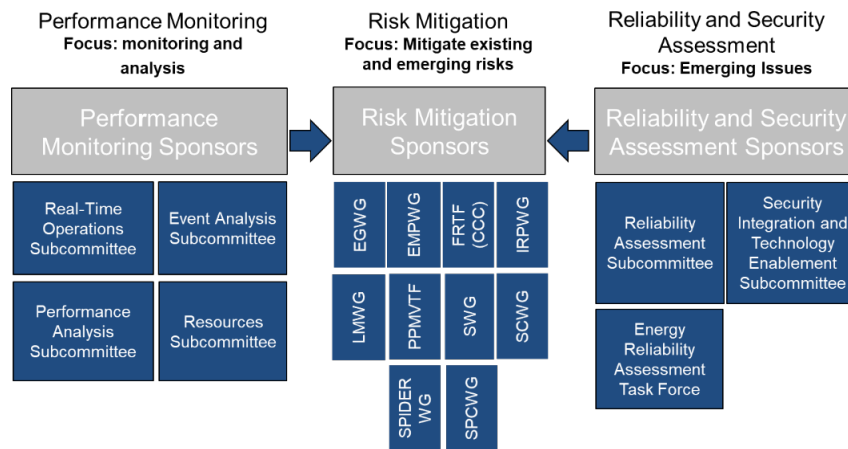


Figure 1: RSTC Structure, March 2021

One of the guiding principles in the development of the RSTC was to be a nimble organization that can “spin-up” task forces quickly to address emerging risks. This is exhibited in the coordination with the Compliance and Certification Committee (CCC) in developing a scope for the Facility Ratings Task Force (FRTF) as a joint RSTC-CCC subgroup. Expanding the FRTF by including the RSTC promotes the inclusion of broader technical, risk-based perspectives into ongoing activities around the current FAC-008 standards. The RSTC also quickly stood up the Energy Reliability Assessment Task Force (ERATF) to address energy availability concerns related to operations, operations planning, and mid-to-long-term planning horizons. This topic was presented to the RSTC at its December 2020 meeting and the scope and work plan were approved at the March 2021 RTSC meeting.

As part of this Framework, the key linkages between all of the committees are identified. The SCCG is a group comprised of the Board Standing Committee Chairs and Vice Chairs and will support these links and ensure all committees are engaged and coordinated on solving priority reliability issues. Engaging NERC’s standing committees in this way, facilitates the development of internal feedback loops that will improve the ERO Enterprise’s ability to identify and manage reliability risks. In addition, a Risk Registry is currently being developed under the auspices of the RISC, to prioritize and manage the ongoing RSTC risk mitigation initiatives and actions.

The 2019 ERO Risk Priorities Report highlights four key reliability risk profiles that should be prioritized by the ERO. In its initial year, the RSTC addressed these in much of their work, including:

- **Grid Transformation:**
 - Four Reliability Guidelines on Planning and Modeling approaches for integrating Distributed Energy Resources (DER), inverter-based resources, and battery energy storage system
 - Three Standard Authorization Requests related to inverter-based generations and DER
 - Initiated the ERATF
 - Published Summer and Winter Reliability Assessments
 - Published Long-Term Reliability Assessment
 - Published Special Assessment on Energy Management System Failures

- **Extreme Natural Events:**
 - Updated Reliability Guideline Cold Weather Preparedness
 - Published State of Reliability Report
 - Completed the Geomagnetic Disturbance research
- **Security Risks:**
 - Two Security Guidelines on Supply Chain Management
 - Formed Security Working Group to focus on tactical short-term security and compliance issues
 - Formed Security Integration and Technology Enablement Subcommittee to focus on considering cyber and physical threats more directly in planning, operations, design, and restoration activities
- **Critical Infrastructure Interdependencies:**
 - Supported the Reliability Leadership Conference
 - Supporting refinement of the Electric-Gas Working Group's Reliability Guideline

Further planned activities are highlighted in the RSTC's posted [Work Plan](#).

In its first year, the RSTC purposely focused on the tactical work needed to lay the foundation for ongoing operations. Now that it is shifting in a more strategic direction, the Board is requesting policy input on the degree of which the RSTC is meeting the objectives of the transition.

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Reliability and Security Technical Committee

Greg Ford, Chair, Reliability and Security Technical Committee
MRC Informational Session
April 14, 2021

RELIABILITY | RESILIENCE | SECURITY



- Stakeholder Engagement Team (SET) formed in December 2019
 - Review NERC technical committee structure
 - Develop a recommendation for improving effectiveness and efficiency
- Recommended forming a new Reliability and Security Technical Committee (RSTC) to replace the three technical committees
- In November 2019, the Board accepted the proposal and approved the RSTC Charter and the transition plan
- RSTC held its first meeting in March 2020

- Set up the RSTC to deliver on the goals outlined in its charter
- Maintain continuity in all ongoing, high-value work across the subgroups
- Capture best practices and synergies through the integration of processes across the “legacy” committees
- Create a more collaborative and bottoms-up operating model
 - Clearly documents roles, responsibilities, and processes
 - Supports subgroups while maintaining alignment to overall NERC strategy
- Provide more effective and efficient processes for technical input on risks to the North American BPS reliability and security

Performance Monitoring
Focus: monitoring and analysis

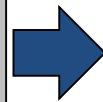
Performance Monitoring Sponsors

Real-Time Operations Subcommittee

Event Analysis Subcommittee

Performance Analysis Subcommittee

Resources Subcommittee



Risk Mitigation
Focus: Mitigate existing and emerging risks

Risk Mitigation Sponsors

EGWG

EMPWG

FRTF (CCC)

IRPWG

LMWG

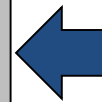
PPMVTf

SWG

SCWG

SPIDER WG

SPCWG



Reliability and Security Assessment
Focus: Emerging Issues

Reliability and Security Assessment Sponsors

Reliability Assessment Subcommittee

Security Integration and Technology Enablement Subcommittee

Energy Reliability Assessment Task Force

- Incorporated a Sponsor program to improve coordination and development of work processes between the RSTC members and the individual subgroups
- Use of the Executive Committee to swiftly “spin-up” task forces quickly to address emerging risks

- RSTC Chair and Vice Chair participate in the Standing Committee Coordination Group (SCCG)
- Increased coordination with the Reliability Issues Steering Committee (RISC)
 - Developed a work plan aligned with the RISC's ERO Reliability Risk Priorities Report
- Jointly published *Framework to Address Known and Emerging Reliability and Security Risks* with the RISC focused on:
 - Risks Identification and Prioritization
 - Risk Mitigation and Monitoring
 - Accepted by the Board of Trustees in February 2021

- Coordinated with the CCC in developing a scope for the joint Facility Ratings Task Force (FRTF)
 - Provides RSTC technical expertise
 - Risk-based perspectives into ongoing activities around the current FAC-008 standard
- Quickly stood up the Energy Reliability Assessment Task Force (ERATF)
 - Address energy availability concerns related to operations, operations planning, and mid-to-long-term planning horizons

- **Grid Transformation**

- Four Reliability Guidelines on Planning and Modeling approaches for integrating DER, inverter-based resources, and battery energy storage systems
- Three SARs related to inverter-based generations and DER
- Initiated the Energy Reliability Assessment Task Force
- Published Summer and Winter Reliability Assessments
- Published Long-Term Reliability Assessment
- Published Special Assessment on Energy Management System Failures

- Extreme Natural Events
 - Updated Reliability Guideline Cold Weather Preparedness
 - Published State of Reliability Report
 - Completed the GMD research
- Critical Infrastructure Interdependencies
 - Supported the Reliability Leadership Conference
 - Supporting refinement of the Electric-Gas Working Group's Reliability Guideline

- Security Risks
 - Two Security Guidelines on Supply Chain Management
 - Formed Security Working Group to focus on tactical short-term security and compliance issues
 - Formed Security Integration and Technology Enablement Subcommittee (SITES) to focus on considering cyber and physical threats more directly in planning, operations, design, and restoration activities

- Is the RSTC meeting the objectives of the transition?



Questions and Answers