Agenda
Member Representatives Committee
Pre-Meeting Informational Session
Conference Call and Webinar
October 10, 2018 | 11:00 a.m. – 12:30 p.m. Eastern

Click here for: Webinar Registration

Introduction and Chair’s Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. Preliminary Agenda Topics for the November 2018 Board, Board Committees, and MRC Meetings*

2. Overview of Policy Input Letter
   a. Reliability Issues Steering Committee Report on Resilience*
   b. ERO Enterprise Program Alignment Efforts*
   c. Proposed 2019 ERO Dashboard Metrics and NERC Corporate Metrics*

*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.
Objectives - Pre-Meeting and Informational Session

- Review preliminary agenda topics for:
  - Open Board of Trustees (Board) Committee conference calls prior to November meetings
  - November 6 MRC meeting
  - November 6-7 Board and Board Committee meetings
- Review policy input letter topics
## Schedule of Quarterly NERC Meetings and Conference Calls

### Conference Calls in Advance of Meetings

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Committee Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1</td>
<td>2:00-3:00 p.m. Eastern</td>
<td>Corporate Governance and Human Resources Committee Meeting—Open</td>
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</tbody>
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### Tuesday, November 6, 2018

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>8:00-9:00 a.m.</td>
<td>Public Breakfast</td>
</tr>
<tr>
<td>9:00–9:45 a.m.</td>
<td>Finance and Audit Committee Meeting—Open</td>
</tr>
<tr>
<td>10:00–11:00 a.m.</td>
<td>Compliance Committee Meeting—Open</td>
</tr>
<tr>
<td>11:15 a.m.–12:00 p.m.</td>
<td>Technology and Security Committee Meeting—Open</td>
</tr>
<tr>
<td>12:00–1:00 p.m.</td>
<td>Lunch</td>
</tr>
<tr>
<td>1:00–5:00 p.m.</td>
<td>Member Representatives Committee Meeting—Open</td>
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<tr>
<td>5:30 p.m.</td>
<td>Reception</td>
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### Wednesday, November 7, 2018

<table>
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<tr>
<th>Time</th>
<th>Activity</th>
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<tbody>
<tr>
<td>7:30–8:30 a.m.</td>
<td>Public Breakfast</td>
</tr>
<tr>
<td>8:30 a.m.–12:00 p.m.</td>
<td>Board of Trustees Meeting—Open</td>
</tr>
</tbody>
</table>

*Times are tentative and subject to change*
Corporate Governance and Human Resources Committee, November 1 (2:00 p.m.)
- Update on actions from 2017 Board/Board Committees Effectiveness Surveys
- Approve 2018 Board Effectiveness Survey
- 2018 ERO Enterprise Metrics update
- 2019 ERO Dashboard Metrics and NERC Corporate Metrics
- Human resources and staffing update
Finance and Audit Committee
9:00 – 9:45 a.m., November 6

- Third quarter unaudited financial statements
- 2019 Business Plan and Budget status update
- 2020 Business Plan and Budget schedule
- Overview of internal controls
• 2019 Compliance Monitoring and Enforcement Program implementation plan update
• Compliance Monitoring and Enforcement Program Quarterly Report
- ERO Enterprise IT strategy and projects update
- E-ISAC update
- Election of MRC officers for 2019
- Schedule for MRC sector elections
- Board of Trustees Nominating Committee update
- Responses to the Board’s request for policy input
  - Reliability Issues Steering Committee Report on Resilience
  - ERO Enterprise Program Program Alignment efforts
  - Proposed 2019 ERO Dashboard metrics and NERC corporate metrics
- Additional policy discussion of key items from Board Committee meetings
- MRC input and advice on Board agenda items and accompanying materials
• Effectiveness and efficiency
• Inverter-based resources activities
• Reliability Assessments
  ▪ 2018 Long-Term Reliability Assessment
  ▪ Special Reliability Assessment: Accelerated Generation Retirements
• Planning Committee highlights
• Update on FERC reliability matters
• Accountability matrix
• Regulatory update
• Report on semiannual meeting of NERC Trustees and Regional Entity Boards

• Report on Board of Trustees November 5, 2018 closed session

• Board Committee Reports
  ▪ Accept third quarter unaudited financial statements

• Standards Quarterly Report and actions
  ▪ Supply chain activities update
  ▪ Standards efficiency review update
  ▪ Reaffirmation of FAC-008-3
  ▪ Retire IRO-006-TRE
• Approve revisions to Appendix 3A of the NERC Rules of Procedure
• Accept RISC Report on Resilience
• Approve Manitoba Memorandum of Understanding
• Reliability Coordinator function in the Western Interconnection
• Addressing recommendations from recent reliability assessments
• Committee, forum, and group reports
Overview of policy input letter

- Reliability Issues Steering Committee Report on Resilience
- ERO Enterprise Program Alignment efforts
- Proposed 2019 ERO Dashboard metrics and NERC corporate metrics
• **October 3:** Policy input letter issued

• **October 23:** Written comments due on policy input topics and preliminary agenda topics

• **October 24:** Board and MRC agenda packages and policy input letter comments posted

• **October 31:** Board and MRC presentations posted
Questions and Answers
Reliability Issues Steering Committee Resilience Report

Action
Information

Background
The Reliability Issues Steering Committee (RISC) is an advisory committee reporting to the NERC Board that provides front-end, high-level leadership for issues of strategic importance to bulk power system (BPS) reliability. The 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. Every two years, RISC produces the ERO Reliability Risk Priorities Report. In performing these activities, the RISC provides a framework for steering, developing, formalizing, and organizing recommendations to help NERC and industry effectively focus their resources on the critical issues needed to best improve the reliability of the BPS.

In August of 2017, the Department of Energy (DOE) issued a Staff Report to the Secretary on Electricity Markets and Reliability (DOE Grid Report) regarding reliability and resilience in light of the changing energy environment. One recommendation in the DOE Grid Report stated that NERC should consider adding resilience to its mission and broadening its scope to address resilience. In response to the DOE Grid Report and NERC assessments, the Board directed the RISC to examine resilience in today’s environment and develop a framework for resilience. In accordance with the NERC Board’s directive, the RISC has worked with NERC stakeholders to reexamine the meaning of resilience in today’s changing environment and how resilience impacts NERC activities. The RISC developed a report that summarizes the results of its own examination of resilience, including the RISC Resilience Framework.

The RISC will be presenting its Report on Resilience to the NERC Board for acceptance at the Board’s November 2018 meeting. In advance of the meeting, the Board is requesting policy input from the MRC regarding the report.
Reliability Issues Steering Committee Report on Resilience

Candice Castaneda, Counsel, Legal and Regulatory
MRC Informational Session
October 10, 2018
November 9, 2017: NERC Board of Trustees directed RISC to examine resilience and develop a framework.

Directive based on NERC assessments and the August 2017 DOE Grid Report regarding reliability and resilience.

RISC initiated activity to:
- Develop a framework examining resilience
- Examine the definition of resilience
- Examine NERC activities contributing to resilience
- Identify any additional NERC activities and Standard enhancements
RI SC Resilience Report Outline

- RISC’s Commitment to Evaluate Resilience
- RISC Evaluation of Resilience and Development of the Resilience Framework
- Resilience Proceedings by Governmental Authorities
- Standing Committee Feedback
- Conclusions
Consistent with NERC comments in regulatory proceedings and testimony at the FERC Reliability Technical Conference of 2018, the RISC Report concludes:

- Resilience has consistently been, and should continue to be, a central component of NERC’s mission to “assure the effective and efficient reduction of risks to the reliability and security of the grid.”

Policy input requested on the RISC Report

- Are NERC’s responsibilities, activities, and priorities related to resilience sufficiently represented?
- Are there any additional activities NERC should consider pursuing?
Questions and Answers
**ERO Enterprise Program Alignment Efforts**

**Action**
Information

**Introduction**
In August 2017, NERC introduced the Electric Reliability Organization (ERO) Enterprise Program Alignment process, which supports efforts for appropriate alignment in the ERO Enterprise execution of both the Compliance Monitoring and Enforcement Program (CMEP) and the Organization Registration and Certification Program (ORCP). Through collaboration among NERC, the Regional Entities (REs), and the Compliance and Certification Committee (CCC), this program has been in place for the past year. This presentation is intended to address the program’s progress during its initial implementation year, focusing on outreach efforts, an update on submitted and resolved issues, and early observations.

**Background**
The ERO Enterprise is focused on continuous improvement and alignment of CMEP and ORCP activities. Greater alignment across the ERO Enterprise helps to ensure effective and efficient use of resources, and it allows stakeholders to maximize focus on the most significant risks to reliability. While implementation of the risk-based CMEP and related oversight activities have promoted a greater degree of alignment in enforcement and compliance monitoring activities, the Program Alignment process further helps to identify new approaches to consistency and to leverage ongoing efforts across the ERO Enterprise.

The CCC also has a role in framing issues for the ERO Enterprise to consider when planning its Program Alignment activities. NERC and the CCC have been working together over the last year to inform industry about the program and how stakeholders can help in their reporting. In 2017, the CCC formally established a CCC Alignment Working Group (AWG) responsible for executing the CCC’s role within the process. For example, the AWG has helped to provide the ERO Enterprise with more detail or context to understand better certain anonymous submissions, and its members have also participated directly in stakeholder outreach during NERC and RE conferences.

To assist registered entities in understanding where acceptable differences exist and to increase overall transparency across the ERO Enterprise, NERC – with the support of the REs – has developed the Regional Program Information Matrix. To develop the Regional Program Information Matrix, the ERO Enterprise gathered and consolidated a description of regional processes for program areas such as CMEP implementation, ORCP, and Self-Logging.

Also in 2017, NERC implemented the Consistency Reporting Tool using a third-party vendor, which allows stakeholders to submit consistency issues anonymously, if desired. NERC’s Consistency Reporting Tool replaced the Regional Consistency Process Tool. This tool has been the primary source of new issues provided through the program thus far in 2018.
The ERO Enterprise Program Alignment Process web page also launched in 2017. This web page provides industry information on the CMEP Alignment process, the CCC AWG’s participation, a link to the Consistency Reporting Tool, and other resources and reference documents. The web page provides transparency on issues the ERO Enterprise has received and the recommendations or resolutions of those issues through a regularly updated Issues and Recommendations Tracking spreadsheet.

**Program Alignment Progress**
Since launching, the ERO Enterprise Program Alignment Process has identified 18 issues for consideration. Of those issues, 12 have been completed. The ERO Enterprise is still in the process of addressing six issues. Of those six issues, registered entities submitted two to NERC directly or via the Consistency Reporting Tool. There are also four issues of a more complicated nature that NERC Compliance and Enforcement identified in 2017 related to CMEP processes that have multiple stages toward resolution. The current status of all issues is described in the Issues and Recommendations tracking spreadsheet.

**Table 1: Issues by Source**

<table>
<thead>
<tr>
<th>Issue Source</th>
<th>2017</th>
<th>2018</th>
<th>Completed</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Consistency Reporting Tool (now closed)</td>
<td>2</td>
<td>N/A</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Consistency Reporting Tool (launched August 2017)</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>NERC</td>
<td>7</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>*<em>Total</em></td>
<td>12</td>
<td>6</td>
<td>15</td>
<td>3</td>
</tr>
</tbody>
</table>

*As of September 12

**Program Alignment Outreach**
Stakeholder outreach and information sharing on the Program Alignment efforts remain key priorities of the ERO Enterprise and the AWG, and there have been several targeted efforts since launching in August of 2017 to support stakeholder awareness of the program. Notably, ERO Enterprise staff and AWG members have provided information to stakeholders on the program, how to submit an issue, and where to find additional resources in the following ways:

- Standards and Compliance Workshop in July 2018,
- At most Regional Entity workshops in the fall of 2017 and spring of 2018,
- At various forum and trade association meetings,
- Through a Program Alignment industry webinar in October 2017,
- Through updates in NERC news, and
- By adding a permanent link to Program Alignment and the Consistency Reporting Tool in the weekly bulletin, along with noting key developments as issues are resolved.

**Program Alignment Early Observations**
In the last year, both the ERO Enterprise and the CCC have noted some early successes in the process and outreach efforts. NERC is also seeing more issues submitted to the program by stakeholders, as summarized in Table 1 above, which has provided an opportunity to resolve
quickly perceived or actual alignment issues, particularly those related to common understanding of CMEP practices. NERC has received feedback on the program itself and has made appropriate enhancements related to ensuring the effective and efficient tracking of issues, the triage process leveraging the REs and the AWG to prioritize activities, and providing the appropriate level of transparency through reporting and the NERC website.
ERO Enterprise Program
Alignment Efforts
Steve Noess, Director of Compliance Assurance and Program Oversight
MRC Informational Session
October 10, 2018
• Board of Trustees Compliance Committee - August 15, 2018
• Background on consistency concerns from stakeholders
• History of CCC collaboration in designing and implementing the program
• Development and role of Alignment Working Group (AWG)
• Outreach
  ▪ Regional Entity workshops
  ▪ Standards and Compliance Workshop
  ▪ Trades and Forums
Program Alignment Process

Track
Identify & Capture Issues
- Program Oversight and Monitoring
- Survey Responses
- Stakeholder Reporting
- NERC Central Repository

Triage
Classify, Analyze, & Prioritize
- NERC Initial Screening
- Regional Input and CCC Alignment Working Group Engagement
- Materiality and Priority
- Responses and Recommendations

Transparent
Post & Report
- Program Alignment – Issues and Recommendations Tracking
- Quarterly Reporting
- Regional Program Information
• Outreach and collaboration with AWG has been effective
• Transition in 2018 to more stakeholder-identified submissions
• Spectrum of issues with varied specificity
  ▪ Program-focused issues identified by NERC (e.g., self-certification processes, compliance oversight plans, etc.)
  ▪ Specific compliance or enforcement submissions
Discussion and Feedback from August BOTCC Meeting

- Supportive discussion and feedback
- Board remains interested in program progress and effectiveness
- Suggested using program alignment to track CMEP Practice Guide development
  - ERO Enterprise implementing going forward
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*As of September 12
• AWG Coordination
  ▪ Providing feedback on TOP-001’s “diverse and redundant routing”

• Stakeholder Submission
  ▪ One-time attestations

• NERC-Identified
  ▪ Implementation of Compliance Oversight Plans (COPs) in risk-based Compliance Monitoring and Enforcement Program (CMEP)
AWG Coordination

• Issue (#15RT):
  ▪ Anonymous submission on TOP-001’s “diverse and redundant routing”
  ▪ Concern over possible disparate RE expectations for implementation and compliance

• Activity/Coordination:
  ▪ NERC asked AWG for help in understanding extent of concern
  ▪ AWG coordinated with stakeholders to gather thorough examples

• Result
  ▪ Identified outreach activities where messaging on compliance expectations differed
  ▪ ERO Enterprise aligned approach and development of CMEP Practice Guide
  ▪ Coordination with OC task force to support possible industry-developed Implementation Guide
• Issue (#10 Stakeholder):
  ▪ Reported instances of registered entity being required to re-attest to non-applicable requirements
  ▪ Risk-based Registration initiative contemplated ability to attest on a one-time basis

• Activity/Coordination:
  ▪ NERC worked with each RE to understand processes
  ▪ Discovered inconsistent approaches that did not fulfill one-time attestation expectations

• Result
  ▪ REs updated practices as necessary, including IRA
  ▪ CMEP staff reinforcement to not include requirements in monitoring
  ▪ Included messaging to stakeholders during regional workshops
• Issue (#5 NERC):
  ▪ Compliance Oversight Plan (COP) Transparency

• Activity/Coordination:
  ▪ Different approaches existed in developing and sharing registered entity COPs

• Result
  ▪ Enhanced COP Guidance and development of base component requirements (2016)
  ▪ COP focused oversight activities (2017)
  ▪ Template development (finalizing in Q4 2018; rollout in 2019)
• How is the process working in practice for stakeholders?
• Are there specific aspects of the process that are not effective in capturing and resolving particular alignment issues in CMEP?
• Are there any additional activities the ERO Enterprise should consider for achieving its alignment goals?
Questions and Answers
Proposed 2019 ERO Dashboard Metrics and NERC Corporate Metrics

Action
Information

Background
The ERO Enterprise continues to refine its metrics to accurately measure industry and organizational performance, and has developed a proposal that further enhances the metrics for 2019. The current proposal contemplates two sets of 2019 metrics. The first set represents a dashboard of aggregated registered entity and Bulk Power System (BPS) performance indicators related to BPS reliability risk. The second set is focused on NERC’s corporate performance in supporting the goals set forth in the ERO Enterprise Operating Plan, which incorporates recommended priorities and associated activities contained in both the Reliability Issues Steering Committee Report and ERO Enterprise Long Term Strategy. These proposed metrics are being reviewed by the NERC Corporate Governance and Human Resources Committee and will be distributed for policy input as an addendum to the policy input letter.