

Minutes

Member Representatives Committee

August 15, 2018 | 1:00 p.m. – 5:00 p.m. Mountain

The Westin Calgary
320 4th Avenue SW
Calgary, AB T2P 2S6
Canada

Chair Jason Marshall, with Vice Chair Greg Ford present, called to order a duly noticed meeting of the Member Representatives Committee (“MRC” or the “Committee”) of the North American Electric Reliability Corporation (“NERC” or the “Company”) on August 15, 2018, at 1:00 p.m., Eastern, 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, acknowledging the NERC Board of Trustees (Board), David Ortiz and others from the Federal Energy Regulatory Commission, Catherine Jereza from the Department of Energy, State Commissioner David Clark, past Chair of CAMPUT Murray Doehler, new CAMPUT representative and non-voting member David Morton, Tab Gangopadhyay from the National Energy Board, as well as several Canadian regulators. He noted the appointments of Sara Patrick and Melanie Frye as CEOs of MRO and WECC, respectively, and Bill Lawrence as the new head E-ISAC, and congratulated each of them. Mr. Marshall reminded attendees that full presentations were conducted at the Board committee meetings and will 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. Iwanek directed the participants’ attention to the NERC Antitrust Compliance Guidelines included in the agenda, 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 Committee approved the minutes of the May 9, 2018 and July 18, 2018 meetings as presented at the meeting

Schedule of Future Meetings

The schedule of future meeting dates and the pre-meeting and informational webinars for 2018 was included in the agenda package.

Schedule for MRC Officer and Sector Elections

Mr. Marshall announced the annual nomination and election of the MRC chair, vice chair, and member representatives from each sector. The schedule for the 2018 nominations and elections was included in the agenda package.

Board of Trustees Nominating Committee Update

Fred Gorbet, chair of the Board of Trustees Nominating Committee (BOTNC), noted that the BOTNC is searching for a Canadian trustee and had a meeting the previous day to review the candidates presented by the external search firm. The BOTNC will be meeting in September to narrow down the slate of candidates, interview the candidates at the end of October, and make a recommendation to the MRC in mid-December.

Responses to the Board's Request for Policy Input

Mr. Marshall acknowledged the Committee's responses to the Board's letter requesting policy input, noting there were no specific topics for policy input. However, the Board requested input on preliminary agenda topics that were presented at the MRC Informational Session and included in the policy input letter.

Jim Robb, president and CEO of NERC, provided an update on the effectiveness and efficiency efforts, identifying three areas of focus:

- **Costs of NERC** – NERC is evaluating its structure to help ensure a more efficient use of resources.
- **Costs of the broader ERO Enterprise** – The CMEP tool should result in cost savings and increased efficiency over time. The ERO Enterprise will also evaluate whether there are any opportunities for joint-procurement.
- **Meetings and stakeholder engagement** – NERC has developed a strawman for this piece which has been shared with two Board members and will be shared with Mr. Marshall and Mr. Ford in the coming weeks. Broader industry input will be requested in advance of and discussed during the November MRC meeting.

Roy Thilly, Board chair, highlighted the input received regarding the future of policy input considering the past two policy input letters did not have specific issues included for comment. He explained that when the Board and MRC leadership discuss agenda topics for the quarterly meetings, they also discuss topics to include in the policy input letter. When there is a specific topic included for input, the intent is for that to be a main item included on one of the upcoming agendas or an issue for which the Board is looking to increase its understanding. For this quarter, the 2019 business plan and budget was identified as a topic, but undergoes a separate process for industry comment. He reminded MRC members that in the policy input letter, the Board invites comments on the preliminary agendas which are typically very close to the final agendas and any specific items added to the MRC or Board agendas which members would like to provide policy input. Mr. Thilly welcomed feedback on the approach and whether there are any topics the MRC believes should have been included in the policy input letter.

- An MRC member reiterated that the MRC has an obligation to raise concerns regardless of whether it's included as a specific request for policy input and MRC members should be proactive in doing so.

Additional Policy Discussion of Key Items from Board Committee Meetings

Attendees did not have any additional comments in response to discussions from the Technology and Security Committee, Finance and Audit Committee, Corporate Governance and Human Resources Committee, and Compliance Committee meetings.

MRC Input and Advice on Board Agenda Items and Accompanying Materials

Mr. Marshall asked for any comments on the items on the Board's agenda for the following day. An MRC member discussed the Reliability Coordinator function in the Western Interconnection, noting that it is particularly a concern for those that regulate utilities in the west and expressed hope that once settled, the Reliability Coordinator function will be performed in a way that is transparent to the public, particularly to state energy advisors, state regulators, and consumer advocates.

RISC Resilience Framework and NERC Enterprise Risk Assessment

Peter Brandien, RISC chair, provided an update on the status of the Reliability Issues Steering Committee's (RISC's) work on resilience which involved developing a common framework, understanding, and definition of the key elements of bulk power system (BPS) resilience. The RISC plans to develop a report to present to the Board in November. Mr. Brandien reviewed a draft outline for the report which would include background on the assignment from the Board, RISC's commitment to evaluate resilience, the resilience framework, FERC's resilience proceeding, recommendations from NERC's workshop on gas infrastructure risk, suggestions for additional NERC activities supporting resilience, and RISC's conclusions.

In addition, Mr. Brandien noted that in its biennial ERO Reliability Risk Priorities Report, the RISC develops a heat map to "rate" identified risks on impact and likelihood. Historically, the risks have been mapped based on RISC members' expertise and the RISC has received questions on whether there is a repeatable process that could be used. To help provide a repeatable and consistent process for identifying, analyzing, prioritizing, and evaluating BPS risks, the RISC developed a draft template to collect data from industry as an input to the heat map for the RISC's future ERO Reliability Risk Priorities Reports. Mr. Brandien noted that when assessing the risks, the RISC considers several factors including whether there are activities being driven by industry, and tries to identify more forward-looking risks and priorities impacting overall BPS reliability that industry should further understand and address.

- Ed Schwerdt, president and CEO of NPCC, suggested including (1) development of guidance through NERC technical committees regarding consistent and repeatable processes for assessing resilience and (2) development of a set of metrics to measure resilience in the resilience report.

Addressing Recommendations from Recent Reliability Assessments

John Moura, director of reliability assessment and system analysis at NERC, and Brian Evans-Mongeon, Planning Committee (PC) chair, provided an update on the work the PC Advisory Group has been tasked with on addressing recommendations from the 2017 Long-Term Reliability Assessment (LTRA) and Special Reliability Assessment: Potential Bulk Power System Impacts Due to Severe Disruptions on the Natural

Gas System. Mr. Moura and Mr. Evans-Mongeon highlighted a July 10 workshop held in conjunction with natural gas industry representatives to discuss how to address risks related to natural gas. They explained that the PC Advisory Group is developing a path forward on creating a Reliability Guideline that would provide a framework for considering fuel-related contingencies and energy limitations in planning.

- An MRC member raised a question regarding the desire of the gas industry to better partner with the electricity industry to work together to solve some of the emerging challenges. Mr. Moura indicated that there is a desire to work with the electric industry and there has been positive contributions made by gas associations in their work with NERC. While there is no central natural gas authority, like there is with electricity, the associations have been extremely helpful in providing one voice for the gas industry. Mr. Evans-Mongeon also mentioned that there has been positive action at the North American Energy Standards Board (NAESB) where scheduling, business practices, and communications have been improved.
- A Board member commented that even “firm” gas that is contracted can be curtailed during force majeure conditions and power generations are usually curtailed earlier than other customers.
- An MRC member pointed out that his constituents are not necessarily concerned with gas deliverability, but more concerned with the ultimate deliverability of electricity and even short-term electric outages which can significantly damage expensive equipment.
- A Board member asked about the implications of gas outages and the cost of restoration compared to that in the electric industry.

Western Interconnection Gas – Electric Interface Study

Branden Sudduth, director of reliability risk management at the Western Electricity Coordinating Council, provided an overview of WECC’s *Western Interconnection Gas – Electric Interface Study*, which assesses the natural gas infrastructure and its interdependency with the electric system. He discussed the drivers affecting the gas-electric interface in the Western interconnection, potential disruptions to the gas supply, and mitigation options. Mr. Sudduth reviewed WECC’s next steps which includes: (1) providing outreach and making the information in the report available; (2) conducting entity-specific, WECC-led assessments; and (3) monitoring regulatory trends as well as industry trends and response.

Technical Committee Highlights: Operating Committee

Lloyd Linke, Operating Committee (OC) chair, gave an overview of the OC which provides subject matter expertise relating to operating reliability matters across all four interconnections, publishes Reliability Guidelines and Reference Documents on subjects relevant to industry, and monitors operating conditions or activities and addresses emerging issues as they arise. He discussed the OC organizational chart including the subcommittees, working groups, and task forces and highlighted the following deliverables: (1) seven Reliability Guidelines last year with two more in process and three due for a periodic review; (2) three reference documents with two more in process; and (3) 19 lessons learned.

- A Board member asked about the process for developing a Reliability Guideline. Mr. Linke explained that the OC reviews the ERO Reliability Risk Priorities Report developed by the RISC and any current NERC reports when developing its work plan at the beginning of the year. Under an ideal situation, the development of a Reliability Guideline takes approximately six to nine months

and is then posted for an industry comment period. The Reliability Guideline is then brought to the OC for approval.

Canadian Update

Laura Hussey, director of international relations at NERC, provided an update on activities in Canada. She highlighted the bilateral principles signed in 2005 and the NERC Board-endorsed Memorandum of Understanding Principles from August 2016 and discussed how the principles are being operationalized, focusing on consistency, transparency, independence, and shared accountability for reliability and security. Ms. Hussey reviewed the number of standards adopted in each province as of July 1, 2018 and whether each province has the authority to modify NERC standards.

- An MRC member asked why certain provinces have only adopted certain standards. Ms. Hussey explained that there are provincial differences in electric operations and therefore, not all standards will apply. For example, some provinces do not have nuclear so they will not adopt the nuclear standards.
- A Board member asked whether NERC sees any reliability gaps from not having all standards adopted in each of the provinces. Ms. Hussey noted that NERC has been looking at the identified risk priorities and comparing the groups of standards that would be relevant to those risks. The Canadian provinces have made progress toward the adoption of CIP standards over the past couple of years. Now the focus is on standards associated with the modeling and coordination needed to support reliability as the system continues to rapidly evolve with changing resource mix, changing technologies, and evolving business models and markets. Also, entities along the border should answer that question for themselves, working with their neighbors on the other side of the border, because each of those situations is unique.

Update on FERC Reliability Matters

Mr. Ortiz, acting director of the Office of Electric Reliability at FERC, provided an update on the following FERC reliability activities: Notice of Proposed Rulemaking to approve revised GMD planning standard, final rule on cyber incident reporting, approval in part to changes to Sections 600 and 900 of NERC Rules of Procedure, status of supply chain risk management CIP standard, FERC Reliability Technical Conference, and highlighted energy market actions with a bearing on reliability.

Accountability Matrix

Ms. Iwanekho invited questions or comments regarding the accountability matrix included in the MRC agenda package, which is updated quarterly and captures key action items from the quarterly MRC and Board meetings and the policy input letter responses.

Regulatory Update

Mr. Berardesco noted that NERC will be filing the business plan and budget by the end of the month. He 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

August 15, 2018 | 1:00 p.m. – 5:00 p.m. Mountain

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

The Westin Calgary
320 4th Avenue SW
Calgary, AB T2P 2S6
Canada

Room name: Britannia/Belaire/Mayfair – Conference Level

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement

Consent Agenda

1. **Minutes - (Approve)**
 - a. May 9, 2018 Meeting*
 - b. July 18, 2018 Conference Call*
2. **Future Meetings***
3. **Schedule for MRC Officer and Sector Elections***

Regular Agenda

4. **Board of Trustees Nominating Committee Update***
5. **Responses to the Board's Request for Policy Input***
6. **Additional Policy Discussion of Key Items from Board Committee Meetings***
 - a. Technology and Security Committee (August 9, 2018)
 - b. Finance and Audit Committee
 - c. Corporate Governance and Human Resources Committee
 - d. Compliance Committee
7. **MRC Input and Advice on Board Agenda Items and Accompanying Materials***
8. **RISC Resilience Framework and NERC Enterprise Risk Assessment***
9. **Addressing Recommendations from Recent Reliability Assessments***
10. **Western Interconnection Gas – Electric Interface Study***

11. Technical Committee Highlights: Operating Committee*

12. Canadian Update*

13. Update on FERC Reliability Matters*

14. Accountability Matrix*

15. Regulatory Update*

*Background materials included.

Member Representatives Committee - Attendance (August 15, 2018)

Voting Members

First Name	Last Name	Sector
Jason	Marshall	Chair
Greg	Ford	Vice Chair
Jennifer	Sterling	1. Investor-Owned Utility
Katherine	Prewitt	1. Investor-Owned Utility
Carol	Chinn	2. State/Municipal Utility
Roy	Jones	2. State/Municipal Utility - Proxy Carol Chinn
Jay	Bartlett	3. Cooperative Utility
Don	Gulley	3. Cooperative Utility
Lam	Chung	4. Federal/Provincial - Proxy Sylvain Clermont
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
Brenda	Hampton	7. Electricity Marketer
Jay	Barnett	8. Large End-Use Electricity Customer - Proxy Michelle D'Antuono
John	Hughes	8. Large End-Use Electricity Customer
Herb	Schrayshuen	9. Small End-Use Electricity Customer - Proxy Brian Evans-Mongeon
Jackie	Roberts	9. Small End-Use Electricity Customer - Proxy Brian Evans-Mongeon
Bill	Magness	10. ISO/RTO - Proxy Betty Day
Peter	Gregg	10. ISO/RTO
Gordon	van Welie	10. ISO/RTO - Proxy Peter Brandien
Liz	Jones	11. Regional Entity - Texas RE
Melanie	Frye	11 Regional Entity - WECC
David	Clark	12. State Government

Non-Voting Members

First Name	Last Name	Sector
David	Morton	Canadian Provincial
Tab	Gangopadhyay	Canadian Federal
Bruce	Walker	U. S. — Federal - Proxy Catherine Jereza
David	Ortiz	U. S. — Federal
Harvey	Reed	Regional Entity - NPCC
Todd	Hillman	Regional Entity - SERC
Lisa	Barton	Regional Entity - RF - Proxy Lou Oberski
Rob	McGarrah	Regional Entity - FRCC
Kristin	Iwanechko	Secretary