Agenda

Member Representatives Committee
Pre-Meeting Informational Session
Conference Call and Webinar

July 13, 2016 | 11:00 a.m. – 12:30 p.m. Eastern
Conference Line: 1-888-857-4242 | Conference ID: 34499117

Click here for: Webinar Registration

Introduction and Chair’s Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. Schedule of Quarterly NERC Meetings and Conference Calls*
2. Topics for the Board of Trustees, Board Committees, and MRC Meetings* - August 10-11, 2016
3. Overview of Items Included in the Policy Input Letter
   a. Reliability Assessments Planning and Review Process*
   b. Scope and Plans for Distributed Energy Resources Task Force*
   c. ERO Enterprise Strategic Planning and Metrics*
4. Informational Items
   a. Compliance Guidance Implementation*
   b. 2017 Business Plan and Budget*

*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.
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
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<tbody>
<tr>
<td>July 13, 2016</td>
<td>11:00 a.m.-1:00 p.m.</td>
<td>MRC Pre-Meeting and Informational Session—Open</td>
<td>Halifax A – 2nd Floor</td>
</tr>
<tr>
<td>July 21, 2016</td>
<td>11:00 a.m.-1:00 p.m.</td>
<td>Finance and Audit Committee Conference Call and Webinar—Open</td>
<td>Nova Scotia Ballroom – 2nd Floor</td>
</tr>
<tr>
<td>August 4, 2016</td>
<td>2:00-3:00 p.m. Eastern</td>
<td>Standards Oversight and Technology Committee Conference Call—Open</td>
<td>Nova Scotia Ballroom – 2nd Floor</td>
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**Wednesday, August 10, 2016**

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<thead>
<tr>
<th>Time</th>
<th>Event</th>
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<tr>
<td>7:30-8:30 a.m.</td>
<td>Breakfast</td>
<td>Halifax A – 2nd Floor</td>
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<tr>
<td>8:30-9:30 a.m.</td>
<td>Corporate Governance and Human Resources Committee Meeting—Open</td>
<td>Nova Scotia Ballroom – 2nd Floor</td>
</tr>
<tr>
<td>9:45-10:45 a.m.</td>
<td>Compliance Committee Meeting—Open</td>
<td>Nova Scotia Ballroom – 2nd Floor</td>
</tr>
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<td>11:00 a.m.-12:00 p.m.</td>
<td>Finance and Audit Committee Meeting—Open</td>
<td>Nova Scotia Ballroom – 2nd Floor</td>
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<tr>
<td>12:00-1:00 p.m.</td>
<td>Lunch</td>
<td>Halifax A – 2nd Floor</td>
</tr>
<tr>
<td>1:00-5:00 p.m.</td>
<td>Member Representatives Committee Meeting—Open</td>
<td>Nova Scotia Ballroom – 2nd Floor</td>
</tr>
<tr>
<td>5:15 p.m.</td>
<td>Reception</td>
<td>Halifax A or Foyer – 2nd Floor</td>
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<td>Breakfast</td>
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<tr>
<td>9:00 a.m.-Noon</td>
<td>Board of Trustees Meeting—Open</td>
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Objectives - Pre-Meeting and Informational Session

- Review preliminary agenda topics for August 10 MRC meeting
- Review preliminary agenda topics for Board of Trustees (Board) and Board Committee meetings (August 10-11)
- Receive updates on emerging and informational issues as part of today’s webinar
# Schedule of Quarterly NERC Meetings and Conference Calls

## Conference Calls in Advance of the Onsite Meetings

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<td>Board of Trustees Meeting — Open</td>
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• Finance and Audit Committee, July 21 (11:00 a.m. Eastern)
  ▪ Review NERC and Regional Entity proposed 2017 business plans and budgets and associated assessments

• Standards Oversight and Technology Committee, August 4 (2:00 p.m. Eastern)
  ▪ NERC and ERO Enterprise IT projects update
  ▪ Reliability Standards quarterly report
• 2016 ERO Enterprise and Corporate Performance Metrics
• Annual Board effectiveness assessments
• ERO Enterprise effectiveness survey results and action plans
• Human resources and staffing update
• Consolidated hearing process
• Management of critical infrastructure protection data
• Compliance monitoring and enforcement quarterly report
• Second quarter unaudited statement of activities (NERC and Regional Entities)
• Review and recommend approval of 2017 business plans and budgets and associated assessments (NERC and Regional Entities)
• Extension of capital financing program
• Audio visual project implementation
• Board of Trustees Nominating Committee update
• Overview of policy input letter items
  ▪ Reliability assessments planning and review process
  ▪ Scope and plans for Distributed Energy Resources Task Force
  ▪ ERO Enterprise strategic planning and metrics
• Additional policy discussion from Board Committee meetings
• Reliability assessments
  ▪ Aliso Canyon storage facility status and continuing ERO assessment
  ▪ 2016 short-term special assessment: single points of disruption
• Update on FERC reliability matters
• Accountability matrix
• Regulatory update
• Committee membership and charter changes
• Report on Canadian regulators meeting
• Report on Board of Trustees strategic planning session
• Standards items
  ▪ Adopt PER-006-1 and COM-001-3
  ▪ Retire PRC-001-1.1
• Approve NERC 2017 business plan and budget, Regional Entity and WIRAB 2017 business plans and budgets
• Approve NERC Rules of Procedure amendments
• E-ISAC quarterly update

• Committee, forum, and group reports
  ▪ Approve extension of capital financing program
  ▪ Accept second quarter 2016 unaudited statement of activities
• Overview of policy input letter items
  ▪ Reliability assessments planning and review process
  ▪ Scope and plans for Distributed Energy Resources Task Force
  ▪ ERO Enterprise strategic planning and metrics
• Compliance guidance implementation
• 2017 business plan and budget
• **July 13:** Policy Input Letter issued
• **July 27:** August Board and MRC agenda packages posted
• **August 3:** Policy Input Letter responses due
• **August 4:** August Board and MRC presentations and policy input responses posted
Questions and Answers
Reliability Assessments Planning and Review Process

**Action**
Information

**Background**
It is North American Electric Reliability Corporation (NERC) and the Electric Reliability Organization’s (ERO’s) objective to have an expeditious and efficient planning and review process for Reliability Assessments. In the planning and review process, it is important that the process provides for administrative preparation and adequate review time by relevant participants and contributors, including NERC Management and staff, stakeholder groups, NERC Technical Committees, the Member Representative Committee, and the Board of Trustees (Board).

The ERO Reliability Assessment program has established a framework for its core reliability assessments, as provided in the table below:

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Scope</th>
<th>Periodicity</th>
<th>Technical Committee Review/Endorsement</th>
<th>MRC/BOT Review/Acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term</td>
<td>• 10-Year resource assessment • Emerging reliability issues • 5-Year probabilistic assessment</td>
<td>Annual (Probabilistic assessment conducted biennially)</td>
<td>Sept-Oct</td>
<td>Nov-Dec</td>
</tr>
<tr>
<td>Summer</td>
<td>• Seasonal resource assessment • Seasonal concerns/issuises</td>
<td>Annual</td>
<td>May</td>
<td>N/A</td>
</tr>
<tr>
<td>Winter</td>
<td>• Seasonal resource assessment • Seasonal concerns/issuises</td>
<td>Annual</td>
<td>Nov</td>
<td>N/A</td>
</tr>
<tr>
<td>Special (short-term and long-term)</td>
<td>• Topic-focused report requiring a comprehensive evaluation • Assessment generally focused on issues identified in the LTRA that require more analysis • Short-term special assessments can be developed for issues impacting the next 18-24 months</td>
<td>As Needed</td>
<td>2-4 weeks for comment and review; 1 week for endorsement</td>
<td>2 weeks for comment, review, and acceptance</td>
</tr>
</tbody>
</table>

In terms of annual production, the NERC Reliability Assessment team will develop work and review plans that do not overlap and achieve a balance of providing adequate technical and policy-oriented stakeholder reviews and delivering timely information to industry and policy makers. The ERO expects to publish a total of six to seven reports per year under Section 800 of the NERC Rules of Procedure. These include one Long-Term Reliability Assessment, two Seasonal Assessments, one State of Reliability Report, and two to three Special Assessments.

Special Assessments can be short-term (similar to the recent assessment on natural gas and operational risk) or they can be longer-term assessments on a specific topic (similar to NERC’s
Clean Power Plan analysis, essential reliability services report, and the upcoming Distributed Energy Resources Task Force final report). Additional information on short-term special assessments is included in the scoping document on the NERC website.

In addition, providing front-end input into selection of special reliability assessments (e.g., short-term assessment) and other assessment reports is important to the ERO. A group of ERO Enterprise reliability assessment and performance analysis leadership provides direct guidance on what assessments should be performed leveraging existing data and analysis, prioritizing emerging issues, and directing work to the technical committees. This group relies heavily on the findings of a variety of technical stakeholder groups, the Reliability Issues Steering Committee, regional technical groups, and the Board.

Additional efforts are underway through the ERO Enterprise reliability assessment and system analysis leadership to improve visibility and ensure that there are no duplicative efforts between NERC and the Regions. NERC will continue to work with the Regions to promote alignment for developing and implementing assessment activities that are most aligned with the highest priority reliability issues. This alignment will also extend to NERC’s Stakeholder Committees, enabling a uniform approach for report development, providing input into assessments, and reviewing and endorsing final reports.
• Assessment process: includes scoping, identification of objectives, data collection, analysis, and developing conclusions and recommendations

• Report compilation to include requisite time for a quality stakeholder, MRC, and Board review

• Additional time allotted for editorial and administrative review

• Work and scheduling actively coordinated with ERO staff and technical committees

• Ensure assessments and technical reports are properly staged for review periods and acceptance processes
2016 Annual Reliability Assessments

- 2016 Long-Term Reliability Assessment (LTRA)
  - MRC review – November
  - Board of Trustees (Board) acceptance and publish – December

- 2016 Summer Reliability Assessment – COMPLETED

- 2016/17 Winter Reliability Assessment
  - Operating Committee (OC)/Planning Committee (PC) review and acceptance – October through November
  - Publish – November
Special Reliability Assessments

- **2016 Special Reliability Assessment on the Clean Power Plan, Phase II** - COMPLETED
- **Short-Term Reliability Assessment: Increased Reliance on Natural Gas for Electric Power** - COMPLETED
- **Distributed Energy Resources Task Force Final Report**
  - OC/PC review – September through December
  - MRC review – January 2017
  - Board acceptance and publish – February 2017
- **Special Reliability Assessment**
  - Topic selected: *Assessment of Single Points of Disruption*
  - Targeting Q2 2017 for Board acceptance
Providing Input for Short-Term Special Assessments

- ERO Enterprise reliability assessment and performance analysis leadership prioritizes and selects short-term assessment topics
- Input received from technical committees both under NERC and the Regional Entities
- Intended to be short, concise, and topic-focused
- 6 to 12 months development time required
- Two weeks for MRC and Board review
Questions and Answers
Scope and Plans for Distributed Energy Resources Task Force

**Action**
Information

**Background**
The Distributed Energy Resources Task Force (DERTF) was established in response to Recommendation #4 of the Essential Reliability Services Task Force (ERSTF) Measures Framework Report. This task force will develop a report focused specifically on operational and planning impacts of Distributed Energy Resources (DERs) and examine potential reliability implications. This report will also explore existing policies oriented to support the reliable integration of DERs on the bulk power system (BPS) and further examine the interplay with other Essential Reliability Services (ERSs). In developing this report, the task force will review the NERC Functional Model, existing NERC Reliability Standards, and coordinate with the Institute of Electrical and Electronics Engineers (IEEE) standard 1547 related efforts. Additionally, the task force will review definitions for Behind-the-Meter Generation (BTMG), Distributed Generation (DG), and other related terms to provide clear distinctions between each category.

The scope for the DERTF is posted on the NERC website.

**Summary**
The DERTF will examine existing practices for incorporating DERs into planning models and studies, identify operational impacts to the BPS, and review existing NERC standards to ensure that DERs can be integrated reliably on the BPS. In addition, the task force is coordinating efforts with the IEEE standard 1547 group to ensure essential services such as voltage and frequency support are maintained. Lastly, the DERTF will review the NERC Functional Model in comparison to definitions of DERs.

A final report is expected to be accepted by the Planning and Operating Committees by the end of this year. Final stakeholder review will occur in January 2017, and the report will be sent to the NERC Board of Trustees in February 2017. The MRC is encouraged to submit comments through policy input to support the development of the report.

NERC is also hosting a DER workshop that will invite participation from industry, stakeholders, and regulatory entities to discuss four specific topics in relation to DERs. The topics are:

1. Aligning the definitions of DERs
2. Load and Generation Modeling
3. Voltage, Frequency Performance, and ERSs
4. Observability and Control

More information on the workshop to be held on August 2-3, 2016, in Atlanta, GA can be obtained on NERC Website.
Distributed Energy Resources Task Force (DERTF)

John Moura, Director of Reliability Assessment and System Analysis
MRC Informational Session
July 13, 2016
• Formed in December 2015
• Reports to the Essential Reliability Services Work Group
• Membership
  ▪ Transmission planning and operations representatives
  ▪ Renewable developers
  ▪ Regulatory representatives
  ▪ Distribution utility representatives
• Final report
  ▪ Recommendations covering planning and operational reliability considerations
  ▪ Role of the ERO
The Control Shift

Distribution

• Variability absorbed by load variability
• Operational characteristics do not permeate to BPS

Bulk-Power System

• Supports system inertia and recovery modes
• Dispatchable based on demand
• Centralized to System Operator
The Control Shift

Distribution

- Disturbances permeate to BPS
- Dynamic and fast demand response
- Coordinated/rule-based control needed

Bulk-Power System

- Potential for overgeneration
- Increased reliance on generation
- Additional equipment to control local voltages

30%

70%
The Control Shift

Distribution | Integrated Power System | Bulk-Power System
---|---|---
*Must act as a system resource*  
*Storage, curtailment, coordination*  
*Operator or aggregator function may be needed*  
50%  

- Supports electricity services  
- Provider of long-haul power transfers  
- Reliability backbone  
50%  

- Plug-In Hybrid Electric Vehicles / Storage  
- Demand Response  
- Demand  
- Energy Efficiency  
- Rooftop Solar / Local Wind Development  

- Wind & Variable Generation  
- Conventional & Hydro Generation  
- Nuclear
• Assess the technical considerations to accommodate large amounts of distributed resources
  ▪ Modeling and data collection
  ▪ Connection and codes
  ▪ Visibility and controllability
  ▪ Transmission planning, operation, coordination

• Identify the role of the ERO and support the readiness of the industry for ensured reliability
  ▪ Consider new BPS functions
  ▪ Technical guidelines and/or requirements
Maintaining Reliability of the Bulk Power System with Integration of Large Amounts of Distributed Energy Resources

Date and Time
Tuesday, August 2, 2016
1:00 p.m. – 5 p.m. Eastern
Wednesday, August 3, 2016
8:00 a.m. – 12 p.m. Eastern

Location: DoubleTree by Hilton Atlanta - Buckhead
Click here for: Meeting Registration
Click here for: Hotel Reservation
Questions and Answers
ERO Enterprise Strategic Planning and Metrics

Action
Information

Background
During the May 2016 Member Representatives Committee (MRC) meeting, NERC presented an ERO Enterprise Strategic Plan document that incorporates and consolidates the following ERO Enterprise strategic planning documents:

1. Strategic goals and contributing activities for the next three years
2. Longer-term strategic planning considerations
3. Metrics

The ERO Enterprise Strategic Plan provides linkages among the items noted above, as well as with the risk priorities identified by the Reliability Issues Steering Committee.

NERC is requesting MRC policy input on content for the ERO Enterprise Strategic Plan and proposed supporting activities for the 2017–2020 planning period, including whether the metrics, longer-term considerations, and strategic goals and their contributing activities are appropriately aligned with and address existing and emerging risks to reliability.

The metrics have been adjusted from previous years to be outcome-based and a tool for measuring reliability. The metrics provided for input are preliminary, with feedback requested on whether they are appropriately focused on reliability risk management. The metrics, as well as the specific thresholds and targets, will continue to be developed over the next few months based on input received and further review of historical performance and emerging reliability risks.

The schedule for the development of the 2017 Business Plan and Budget (BP&B) is also included in the ERO Enterprise Strategic Plan. While the ERO Enterprise continually reviews priorities and resource allocations in response to the final strategic plan and throughout the year, in 2017 the ERO Enterprise will increase the alignment between the timing of the final 2018 BP&B and the annual review of the strategic plan. This enhanced schedule for the 2018 BP&B and the 2018–2021 Strategic Plan will be included in this year’s Strategic Plan finalized in November.

The MRC comments, along with contributions from the NERC Board of Trustees (Board), Regional Entity Boards, and ERO Enterprise senior leadership, will be used to update the ERO Enterprise Strategic Plan and associated activities for the 2017–2020 planning period. The MRC will have the opportunity to provide additional feedback on the finalized draft prior to Board approval in November.
ERO Enterprise Strategic Planning and Metrics

Mark Lauby, Senior Vice President and Chief Reliability Officer
MRC Informational Session
July 13, 2016
• Consolidates:
  ▪ Strategic goals and their contributing activities for the next three years
  ▪ Longer-term strategic planning considerations
  ▪ Metrics

• Provides linkages among these items as well as with the Reliability Issues Steering Committee’s (RISC’s) risk profiles
• Changing Resource Mix
• Bulk-Power System Planning
• Resource Adequacy and Performance
• Asset Management and Maintenance
• Human Performance and Skilled Workforce
• Loss of Situational Awareness
• Extreme Natural Events
• Physical Security Vulnerabilities
• Cyber Security Vulnerabilities
ERO Enterprise Strategic Goals

- **Goal 1**: Timely and Risk Responsive Reliability Standards
- **Goal 2**: Objective and Risk-informed Compliance Monitoring, Enforcement, and Organization Certification and Registration
- **Goal 3**: Identification and Mitigation of Significant Reliability Risks
- **Goal 4**: Identification and Assessment of Emerging Risks
- **Goal 5**: Effective, Efficient, and Collaborative ERO Enterprise
• Reliability Assessment: Resource and Planning Adequacy
  ▪ Increase sophistication of reliability assessments in response to emerging risks

• Recovery and Restoration
  ▪ Increase understanding of the impacts of changing grid characteristics on recovery and restoration plans

• Situational Awareness and System Control
  ▪ Assess and promote awareness of how the integration of new technologies with a changing grid impacts situational awareness and system control
1. Reliability Results
2. Assurance Effectiveness
3. Risk Mitigation Effectiveness
4. Essential Reliability Services
5. Resource Adequacy
6. Physical and Cyber Security
7. Controlling Reliability Risk through Compliance
Metric 3: Risk Mitigation Effectiveness

- Adjusted annually for targeted risks
- Metric 3 sub-metrics:
  - Annual Misoperations rate of performance
  - Number of automatic AC transmission outages caused by human error
  - Number of transmission outages due to the top three most impactful AC substation equipment failures
  - Number of transmission line forced outages due to vegetation lines operated at 200 kV above
  - Events caused by generating unit forced outages due to cold weather
• 2017 Business Plan and Budget (BP&B) is mapped to the ERO Enterprise Strategic Plan 2016–2019
• Increased alignment in 2017 between the schedules for the 2018 BP&B and ERO Enterprise Strategic Plan 2018–2021
• **July and October 2016**
  - Policy input on strategic plan content

• **August 2016**
  - Board of Trustees (Board) strategic planning session
  - ERO Enterprise strategic planning session

• **November 2016**
  - ERO Enterprise Strategic Plan 2017–2020 to Board
  - Schedule for increased alignment between the 2018 BP&B and ERO Enterprise Strategic Plan 2018–2021
Questions and Answers
Compliance Guidance Implementation

Action
Information

Background
In November 2015, the NERC Board of Trustees approved the Compliance Guidance Policy. Compliance Guidance under the Compliance Guidance Policy includes two types:

- Implementation Guidance, which provides examples for implementing a standard; and
- Compliance Monitoring and Enforcement Program (CMEP) Practice Guides, which provide direction to the Electric Reliability Organization (ERO) Enterprise CMEP staff on approaches to carry out compliance monitoring and enforcement activities.

Implementation Guidance is developed by industry and vetted through pre-qualified organizations or through the standards development process. In order for another organization to become pre-qualified, a member of that organization must submit an application to the Compliance and Certification Committee. Vetted examples can then be submitted to the ERO Enterprise for endorsement, and, if endorsed, the ERO Enterprise would give the example deference during CMEP activities with consideration of facts and circumstances. Implementation Guidance would not prescribe the only approach to implementing a standard and entities may choose alternative approaches that better fit their situation.

CMEP Practice Guides are developed solely by the ERO Enterprise to reflect the independent, objective professional judgment of ERO Enterprise CMEP staff, and, at times, may be initiated following policy discussions with industry stakeholders. Following development, they are posted for transparency on the NERC website.

Summary
In 2016, the ERO Enterprise implemented the Compliance Guidance Policy and developed the Compliance Guidance web page. In the second quarter of 2016, the ERO Enterprise endorsed 10 Implementation Guidance documents, posted one CMEP Practice Guide, and added new documents to the Key Resources section of the Compliance Guidance web page. Details of these activities are provided below:

ERO Enterprise-Endorsed Implementation Guidance
- CIP-002-5.1: BES Cyber Assets Lesson Learned
- CIP-002-5.1: Generation Segmentation Lesson Learned
- CIP-002-5.1: Far-end Relay Lesson Learned
- CIP Version 5 Frequently Asked Questions
- CIP-002-5.1: Communications and Networking Cyber Assets
- External Routable Connectivity Lesson Learned
• CIP-002-5.1: Generation Interconnection Lesson Learned
• Mixed Trust EACMS Authentication Lesson Learned
• CIP-002-5.1: Grouping of BES Cyber Systems Lesson Learned
• Vendor Access Management Lesson Learned

CMEP Practice Guide
• ERO Enterprise CMEP Practice Guide: Deference for Implementation Guidance

Web Page Updates
• Posted instructions for pre-qualified organizations to submit proposed Implementation Guidance
• Posted application to become pre-qualified organization
• Updated one-stop-shop with links to Compliance Guidance page for standards with applicable ERO Enterprise-Endorsed Implementation Guidance

For the remainder of 2016, the ERO Enterprise will continue to consider submitted proposed Implementation Guidance for ERO Enterprise endorsement. Currently, there are 13 documents pending ERO Enterprise endorsement. NERC extended the amount of time for review due to the number of initial proposed Implementation Guidance documents received. The ERO Enterprise anticipates completing review of these remaining documents by August 2016.
Compliance Guidance Implementation

Val Agnew, NERC Senior Director of Reliability Assurance
MRC Informational Session
July 13, 2016
• 10 documents received ERO Enterprise endorsement
  ▪ CIP-002-5.1: BES Cyber Assets Lesson Learned
  ▪ CIP-002-5.1: Generation Segmentation Lesson Learned
  ▪ CIP-002-5.1: Far-end Relay Lesson Learned
  ▪ CIP Version 5 Frequently Asked Questions
  ▪ CIP-002-5.1: Communications and Networking Cyber Assets
  ▪ External Routable Connectivity Lesson Learned
  ▪ CIP-002-5.1: Generation Interconnection Lesson Learned
  ▪ Mixed Trust EACMS Authentication Lesson Learned
  ▪ CIP-002-5.1: Grouping of BES Cyber Systems Lesson Learned
  ▪ Vendor Access Management Lesson Learned
• 13 documents pending ERO Enterprise endorsement
  ▪ System Operating Limit Definition and Exceedance Clarification
  ▪ CIP-002-5.1 Standard Application Guide
  ▪ FAC-003-3 Standard Application Guide
  ▪ FAC-008-3 Standard Application Guide
  ▪ PER-005 Application Guide
  ▪ Draft Reliability Standard Compliance Guidance for PER-005-2
  ▪ PRC-005-6 Standard Application Guide
  ▪ PER-005 System Personnel Training Reference Document
  ▪ Determination and Application of Practical Relaying Loadability Ratings
  ▪ Transformer Thermal Impact Assessment White Paper
  ▪ Screening Criterion for Transformer Thermal Impact Assessment
  ▪ TPL-001-4 Standard Application Guide
  ▪ CIP-014 Requirement R1 Guideline
• One Compliance Monitoring and Enforcement Program (CMEP) Practice Guide posted
  ▪ ERO Enterprise CMEP Practice Guide: Deference for Implementation Guidance
• Pre-qualified Organization Application
• How to Submit Implementation Guidance
• One-stop-shop links added
• Industry Webinar
• Continue improvements to website
• Consider submitted proposed Implementation Guidance for ERO Enterprise endorsement
Questions and Answers


**2017 Business Plan and Budget Update**

**Action**
Information

**Background**
The first draft of the 2017 Business Plan and Budget was posted on May 19, 2016, with the comment period open through June 30, 2016. The first draft included a proposed increase in NERC’s total budget of 2.5% over the 2016 approved budget (including operating and capital expenditures). Additionally, the first draft included a proposed total assessment increase of 4.5% over 2016, including the proposed release of $1.1M from the Assessment Stabilization Reserve to offset billed assessments in 2017.

The next draft will be posted for comment on July 15, 2016, and the final budget will be presented for review and approval at the NERC Board of Trustees’ August meeting. NERC is currently updating the budget information and evaluating external and internal comments and inputs. NERC management expects some upward pressure on the budget increase due in part to the ongoing evaluation of NERC projects and activities and also due to the addition of E-ISAC portal enhancements. These portal enhancements were discussed with the Board of Trustees at their May meeting and NERC solicited comments from industry specifically regarding this project. NERC management anticipates including this project in the next draft of the 2017 budget.

NERC management will provide additional detail during the MRC informational session. NERC’s Finance and Audit Committee will also host a webinar on July 21, 2016, to provide additional information on the next draft.