

## Minutes

# Member Representatives Committee

February 7, 2018 | 1:00 – 5:00 p.m. Eastern

Hilton Fort Lauderdale Marina  
1881 SE 17<sup>th</sup> Street  
Fort Lauderdale, FL 33316

Outgoing Chair John Twitty, with incoming Chair Jason Marshall and incoming Vice Chair Gregory 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 February 7, 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. Twitty welcomed Committee members and attendees, and expressed his appreciation for the privilege of serving as Chair and Vice Chair of the Committee. He thanked the NERC Board of Trustees (the “Board”), Mr. Marshall, and past MRC chairs for their support.

Mr. Marshall acknowledged the attendance of the Board, Federal Energy Regulatory Commission (“FERC”) Chairman Kevin McIntyre, Mike Bardee and others from the FERC, Bruce Walker from the Department of Energy, and State Commissioner David Clark. He recognized the responses to the January 4, 2018, policy input request from Roy Thilly, chairman of the Board. Mr. Marshall reminded attendees that full presentations were conducted at the Board committee meetings and will not be repeated during the MRC meeting. He also reminded members of the MRC Business Plan and Budget Input Group and their role, and asked members for additional volunteers.

Dave Christiano, Southwest Power Pool Regional Entity (“SPP RE”) Trustees Chair, noted the passing of Gerry Burrows, and commented on his career in the industry and with SPP RE.

### NERC Antitrust Compliance Guidelines and Public Announcement

Ms. Iwanekko 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 Ms. Mendonça.

### Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the November 8, 2017, and January 11, 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.

### **Election of NERC Trustees**

Board members eligible for election or re-election were excused from the room. Fred Gorbet, Chair of the Board Nominating Committee, provided a report and recommendation for election of four Board members. The Committee unanimously approved the election of Suzanne Keenan for a two-year term ending in 2020, and the re-election of George Hawkins and Jan Schori and election of Rob Manning for three-year terms ending in 2021. Mr. Marshall welcomed the new trustees and thanked continuing trustees for their continued service.

### **Update on NERC Chief Executive Officer and Chief Security Officer Searches**

Mr. Thilly provided an update on the NERC CEO and Chief Security Officer (“CSO”) searches, noting this is one of the most important responsibilities of the Board. He reported the Board has engaged Russell Reynolds, and the full Board is involved with Mr. Clarke as the Chair of the search committee. Mr. Thilly noted the search committee received input on criteria and suggested nominees from stakeholders, and expressed his appreciation for the input. He explained the list of candidates will be pared down to approximately eight individuals, and a smaller group will do in-depth interviews and bring approximately three candidates to the full Board to interview. Mr. Thilly stated the search committee would like to complete the process in the spring, but is prioritizing finding the right person for the job over speed. Regarding the CSO, Mr. Thilly noted it is essential for the new CEO to be involved with the process and selection. The search committee will institute the search with a Request for Proposals from search firms so candidates are assembled ahead of time, but will not move forward to complete the process until the new CEO is in place.

### **Board Reporting Structure for Standards Committee**

Ken DeFontes, vice chair of the Board, stated that although the Standards Oversight and Technology Committee was retired in January 2018, the Standards Committee (“SC”) will continue to report to the Board. He thanked Mr. Thilly for asking him to serve as Board liaison to the SC, and noted he will be taking an active role in participating in the SC meetings. Mr. DeFontes reported that he and Howard Gugel, Senior Director of Standards and Education at NERC, will continue to provide updates on major activities and the quarterly reports to the Board. The MRC discussed how to ensure ongoing standards activities remain visible to the Board, and stakeholders have opportunities to provide input.

### **Responses to the Board’s Request for Policy Input**

Mr. Marshall acknowledged the Committee’s responses to Mr. Thilly’s January 4, 2018, letter requesting policy input on improving the efficiency and effectiveness of stakeholder engagement. The following comments on the policy input topics are not all inclusive, but provide the general tenor and scope of the discussion:

#### **Improving the Efficiency and Effectiveness of Stakeholder Engagement**

Mike Walker, Senior Vice President and Chief Enterprise Risk and Strategic Development Officer at NERC, presented context and background for the policy input question, noting the ERO Enterprise Long-Term Strategy and Operating Plan recognize the importance of having effective stakeholder engagement. He summarized key themes of policy input, highlighting the following:

- Including more stakeholder involvement in effectiveness and efficiency reviews;

- Reviewing stakeholder committee organization and charters;
- Tracking and sharing stakeholder time devoted to ERO groups;
- Leveraging technology to reduce travel time and costs;
- Enhancing ERO staff training and tools to engage stakeholders;
- Increasing communications with and among segments and sectors;
- Increasing executive-level stakeholder involvement; and
- Avoiding duplicative work within the ERO Enterprise and between the ERO Enterprise and industry.

The MRC and Board members discussed leveraging the MRC Business Plan and Budget Input Group for the effectiveness and efficiency effort. The MRC and Board members also discussed the timing of the policy input letter, with respect to when policy input is due in relation to when agenda packages for the quarterly meetings are posted.

#### **Additional Policy Discussion of Key Items from Board Committee Meetings**

Attendees did not have any additional comments in response to the discussions from the Compliance Committee and Finance and Audit Committee.

#### **Corporate Governance and Human Resources Committee**

MRC members discussed the cost-effectiveness comments from the Board Effectiveness Survey. MRC members noted the standards efficiency review should not be rushed and it may be helpful to review comments from the Board Effectiveness Surveys and ERO Enterprise Effectiveness Surveys from the past three to five years.

#### **Technology and Security Committee**

An MRC member noted the importance of the NERC committee roster which had been removed from the website. Stan Hoptroff, Vice President, Chief Technology Officer and Director of Information Technology at NERC, stated an updated committee roster would be posted by the end of the week with names of committee members, but no contact information for security purposes.

#### **Reliability Issues Steering Committee Activities**

Mr. Brandien, Reliability Issues Steering Committee (“RISC”) chair, presented the ERO Reliability Risk Priorities Report, referring to the materials included in the advance agenda, and highlighted key inputs to the report, risk profiles and recommendations, and risk mapping. He noted the nine risk profiles identified from the last report were generally still valid. Eight of the profiles were consistent with the last report and one profile was shifted from focusing on asset management and maintenance to increasing complexity in protection and control systems. Mr. Brandien noted that the report includes recommendations to mitigate the risks, and these recommendations have been reduced from last year’s report to 53 recommendations. He explained the reduction is mostly a result of removing overlapping recommendations and moving others to a section identifying ongoing activities.

Mr. Brandien reviewed the risk groupings, which were changed based on feedback during the November 2017 MRC meeting. Instead of categorizing levels of risk as high, moderate, and lower, the RISC shifted the categorization to reflect likelihood and impact, as shown in the included heat map. The RISC recommends that the four higher likelihood, higher impact profiles should be given the highest priority. Mr. Brandien noted that RISC is requesting Board acceptance of the report the following day and the next report is expected to be presented to the Board in August 2019. He also noted the next Reliability Leadership Summit will be scheduled for first or second quarter 2019. The MRC and Board members lauded the hard work of the RISC and the ERO Reliability Risk Priorities report.

### **Resilience Framework**

Mr. Brandien presented the RISC's recommendation for the development of a resilience framework that includes: (1) developing a common understanding and definition of the key elements of BPS resilience; (2) understanding how these key elements of BPS resilience fit into the existing ERO framework; and (3) evaluating whether additional steps are needed to address key elements of BPS resilience within the ERO framework. He presented the National Infrastructure Advisory Council's framework as the starting point for the RISC's work, which includes four outcome-focused abilities – robustness, resourcefulness, rapid recovery, and adaptability. Mr. Brandien stated the RISC is mapping ERO Enterprise activities with the four areas and he reviewed the activities identified so far. He reviewed next steps which include requesting input from the standing committees on mapping ERO Enterprise activities and reviewing the ISO/RTOs comments to FERC to better understand how they view resilience. MRC members and the Board expressed support of the RISC's proposed framework and next steps.

### **Plan for Addressing Reliability Standard and Guideline Recommendations from Recent Reliability Assessments**

Mark Lauby, Senior Vice President and Chief Reliability Officer at NERC, presented planned activities to address recommendations made in two reliability assessments published in 2017 – *Special Reliability Assessment: Potential Bulk Power System Impacts Due to Severe Disruptions on the Natural Gas Systems* and *2017 Long-Term Reliability Assessment* – for industry and NERC to consider potential Reliability Standard improvements and/or Reliability Guidelines development. He noted an update of progress will be provided on a quarterly basis.

### **Technical Committee Highlights: Critical Infrastructure Protection Committee**

Marc Child, Critical Infrastructure Protection Committee ("CIPC") chair, provided background on the CIPC, its charter, and recent activities including (1) an advisory panel to the Board; (2) cyber security risk management; (3) physical security risk management; (4) NERC standards implementation input; (5) Bulk Electric System security metrics; and (6) training, outreach, and industry communications.

### **Update on FERC Reliability Matters**

Mr. Bardee, director of the Office of Electric Reliability at FERC, provided an update on the following FERC reliability activities: emergency preparedness and event reporting; cyber supply chain risk management; cyber security incident reporting; compliance monitoring and enforcement; coordination of protection systems and training; and grid resilience.

## **Accountability Matrix**

Ms. Iwanechko 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**

Ms. Mendonça 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

February 7, 2018 | 1:00 p.m. – 5:00 p.m. Eastern

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

Hilton Fort Lauderdale Marina  
1881 SE 17<sup>th</sup> Street  
Fort Lauderdale, FL 33316

Conference Room: Grand Ballroom (First Floor)

### Introduction and Chair's Remarks

### NERC Antitrust Compliance Guidelines and Public Announcement\*

#### Consent Agenda

1. **Minutes - (Approve)**
  - a. November 8, 2017 Meeting\*
  - b. January 11, 2018 Conference Call\*
2. **Future Meetings\***

#### Regular Agenda

3. **Election of NERC Trustees\* - (Elect)**
4. **Update on NERC Chief Executive Officer and Chief Security Officer Searches**
5. **Board Reporting Structure for Standards Committee**
6. **Responses to the Board's Request for Policy Input\***
  - a. Improving the Efficiency and Effectiveness of Stakeholder Engagement\*
7. **Additional Policy Discussion of Key Items from Board Committee Meetings\***
  - a. Corporate Governance and Human Resources Committee
  - b. Compliance Committee
  - c. Finance and Audit Committee
  - d. Technology and Security Committee
8. **Reliability Issues Steering Committee Activities**
  - a. ERO Reliability Risk Priorities Report\*

b. Resilience Framework\*

**9. Plan for Addressing Reliability Standard and Guideline Recommendations from Recent Reliability Assessments\***

**10. Technical Committee Highlights: Critical Infrastructure Protection Committee\***

**11. Update on FERC Reliability Matters\***

**12. Accountability Matrix\***

**13. Regulatory Update\***

\*Background materials included.

**Member Representatives Committee - Attendance (February 7, 2018)**

**Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
Jason	Marshall	Chair
Greg	Ford	Vice Chair
Jennifer	Sterling	1. Investor-Owned Utility
Katherine	Prewitt	1. Investor-Owned Utility
Vicken	Kasarjian	2. State/Municipal Utility
Carol	Chinn	2. State/Municipal Utility
Jay	Bartlett	3. Cooperative Utility
Don	Gulley	3. Cooperative Utility - <b>Proxy Barry Lawson</b>
Lam	Chung	4. Federal/Provincial
Paul	Choudhury	4. Federal/Provincial
Sylvain	Clermont	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	Egleby	7. Electricity Marketer
Brenda	Hampton	7. Electricity Marketer
Jay	Barnett	8. Large End-Use Electricity Customer - <b>Proxy Michelle D'Antuono</b>
John	Hughes	8. Large End-Use Electricity Customer
Herb	Schrayshuen	9. Small End-Use Electricity Customer
Jackie	Roberts	9. Small End-Use Electricity Customer
Bill	Magness	10. ISO/RTO - <b>Proxy Matt Mereness</b>
Peter	Gregg	10. ISO/RTO
Gordon	van Welie	10. ISO/RTO - <b>Proxy Peter Brandien</b>
Liz	Jones	11. Regional Entity - Texas RE
Jim	Robb	11 Regional Entity - WECC
Asim	Haque	12. State Government - <b>Proxy David Clark</b>
David	Clark	12. State Government

**Non-Voting Members**

<b>First Name</b>	<b>Last Name</b>	<b>Sector</b>
Bruce	Walker	U. S. — Federal
Michael	Bardee	U. S. — Federal
Silvia	Parada Mitchell	Regional Entity - MRO
Harvey	Reed	Regional Entity - NPCC
Todd	Hillman	Regional Entity - SERC
Lisa	Barton	Regional Entity - RF
Rob	McGarrah	Regional Entity - FRCC
Kristin	Iwanechko	Secretary