Chair Carol Chinn, with Vice Chair John Anderson present, called to order the North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) meeting on November 6, 2013, at 1:30 p.m., Eastern. The meeting announcement, agenda, and list of attendees are attached as Exhibits A, B and C, respectively.

**NERC Antitrust Compliance Guidelines and Public Meeting Notice**

Holly Mann, committee secretary, called attention to the NERC antitrust compliance guidelines and the public meeting notice. Any questions should be addressed to NERC's general counsel, Charles Berardesco.

Ms. Mann declared a quorum present with the following recognized proxies:

- Nabil Hitti for Steve Naumann – Investor-Owned Utility
- Allen Mosher for Tim Arlt – State/Municipal Utility
- Barry Lawson for Jay Bartlett – Cooperative Utility
- Angie Sheffield for Mike Smith – Cooperative Utility
- Lam Chung for Lorne Midford – Federal/Provincial
- Donald Holdsworth for John Seelke – Merchant Electricity Generator
- Charles Acquard for Larry Nordell – Small End-Use Electricity Customer
- James Castle for Steve Whitley – ISO/RTO
- Scott Henry for Ray Phillips – Regional Entity
- David Clark for Thomas Dvorsky – State Government
- Stacy Dochoda for Robert Hunzinger – Regional Entity, non-voting
- Mike Bardee for Joe McClelland – U.S. Federal, non-voting
- David Ortiz for Pat Hoffman – U.S. Federal, non-voting
Introductions and Chair’s Remarks
Ms. Chinn welcomed attendees and acknowledged the attendance of Commissioner Cheryl LaFleur from the Federal Energy Regulatory Commission (FERC), FERC staff, David Ortiz from the U.S. Department of Energy, State Commissioners Todd Snitchler and David Clark, and the NERC Board of Trustees (Board). Ms. Chinn recognized the MRC responses to the October 9, 2013 policy input request from Fred Gorbet, chairman of the Board, and acknowledged the productive discussions surrounding the way forward for the communication protocols standards.

Minutes
The MRC approved, on a motion by Bob Schaffeld and seconded by Sylvain Clermont, the draft minutes of its October 9, 2013 conference call and the amended minutes of its August 14, 2013 meeting in Montreal (Exhibits D and E, respectively).

Election of Committee Officers for 2014
Ms. Mann announced the nominations of John Anderson for chair and Sylvain Clermont for vice chair of the MRC for 2014. Ms. Chinn called for a motion to elect Messrs. Anderson and Clermont. The motion was moved by Bill Gallagher, seconded by Bob Schaffeld, and approved with no negative votes. Messrs. Anderson and Clermont will assume their newly appointed positions at the start of the February 2014 MRC meeting in Phoenix, Arizona.

Status of MRC Sector Nominations
Ms. Chinn announced the sector nomination period will close November 12, 2013, and the election period, which will be administered electronically, will open December 2, 2013, and close December 12, 2013.

Update from the Board of Trustees Nominating Committee (BOTNC)
Dave Goulding, chair of the BOTNC, informed the MRC that it will be sent a report in December 2013 that contains a brief biography of each nominee that the BOTNC is proposing for re-election to the Board in February 2014. The nominees for the Class of 2017 are the following current Trustees: Paul Barber, Janice Case, Fred Gorbet and Roy Thilly. Mr. Goulding noted that if re-elected to the Board, this will be the final term for Paul Barber. Mr. Goulding also noted that the BOTNC would also look at potential criteria for use by future BOTNCs.

The BOTNC includes five members of the MRC:
1. Carol Chinn - MRC Chair
2. John Anderson - MRC Vice Chair
4. Todd Snitchler – State Government Sector
5. Scott Helyer – Merchant Electricity Generator Sector
Remarks from Gerry Cauley, NERC President and CEO
Mr. Cauley acknowledged Ken Quesnel as the new chair of the Canadian Association of Members of Public Utility Tribunals (CAMPUT) and recognized the past service of Ray Gorman as the non-voting Canadian Provincial member of the MRC. Mr. Cauley recognized a number of Ms. Chinn’s accomplishments as chair of the MRC for 2013. Ms. Chinn successfully influenced greater stakeholder engagement with the Board and its committees, improved the preparation of the policy input requests to the MRC and assisted with streamlining the dialogue shared during these quarterly meetings. Mr. Cauley also expressed his appreciation of Mark Maher, who is retiring as the chief executive officer of WECC in December 2013.

Responses to the Board’s Request for Policy Input
Ms. Chinn acknowledged the MRC’s responses to Fred Gorbet’s October 9, 2013, letter requesting policy input on the communication protocols standards. Attendees shared comments and expanded on some of the MRC responses to the Board. The following comments are not all inclusive, but provide the general tenor and scope of the discussion:

Operating Personnel Communication Protocols – COM-003-1

- Although some believe that there may not be a need for this standard, many support the progress of the Standards Oversight and Technology Committee (SOTC) and the Standards Committee (SC) and their efforts to refine and develop a combined COM-002 and COM-003 standard.

- Caution should be exercised to ensure the standards development process that is in place is not being bypassed or disregarded under the current circumstances.

- There is concern about the compliance expectations and the calibrated enforcement policy associated with this standard. The Reliability Assurance Initiative (RAI) approach is still unclear and the Reliability Standard Audit Worksheet (RSAW)-style language is not easily understood.

- One of the policy inputs provided to the Board included a proposal that NERC lead a single pilot with a few Regions and their Registered Entities to develop and implement a holistic and repeatable methodology to govern the monitoring and enforcement of the COM Reliability Standards. This pilot effort could lend itself to an RAI-type of approach to determine if an entity has effective procedures and programs in place and is able to sufficiently train and audit its staff related to the COM standards. The Board is encouraged to consider the benefits of initiating this type of pilot approach.

- Another compliance model was shared during the meeting in support of the COM-002-4 draft that encourages a clear breakaway from zero tolerance and shifts the responsibility away from the operator to the organization itself. The model includes hardwiring the breakaway from zero tolerance into the requirements so that the standard is more performance-based and clearly identifies essential elements expected in a quality communications protocol. The model requires that the entity has a communications protocol that meets the established criteria, trains its operators based on that criteria, has a program in place to assess its effectiveness, and sets an expectation for communicating during emergencies. The Board is encouraged to consider this model when taking action on the COM Reliability Standards.
• There is agreement that the combined standard should be more performance-based, but recognition that the current focus on this effort should not take industry, stakeholders or NERC in a backward direction.

• A small technical team is recommended to assist the SC and possibly develop a conceptual whitepaper that clarifies the reliability objectives and how they will be accomplished prior to drafting the requirements that will be put into place. There is support for the MRC’s involvement in the technical discussions of the SC as the new standard is being refined and developed by February 2014.

Additional Policy Discussion from Board Committee Meetings
Attendees shared comments in response to the discussions from the Board committee meetings:

Corporate Governance and Human Resources Committee
• During the past year, there have been changes and improvements made to the way the quarterly meetings are coordinated, structured and conducted. These improvements were largely based on feedback received from the MRC’s annual effectiveness survey of the Board. The member representatives are encouraged to participate in this year’s survey and contribute to the ongoing success among the Board, its committees and the MRC.

• The business planning and budget (BP&B) input group is a subset of the MRC and is already working with NERC and Regional staffs to address the development of ERO Enterprise goals and objectives for 2014 and beyond. The input group will be reaching out to the full committee throughout 2014 to encourage MRC review and comment on the 2015 BP&B timeline and activities.

Compliance Committee
• Industry continues to support RAI, but recognizes there are still ways to improve communications regarding its ongoing success and underlying principles. Reaching regional consistency is an essential element to success. There needs to be opportunities for registered entities to provide early input, feedback and share best practices.

• Transparency of RAI activities among the various Regions is important. The diverse pilots need to be evaluated against a set of common criteria to identify the best components for integration into one ERO-wide RAI program.

• It is desired that NERC and the Regions reach common agreement on how to conduct a risk assessment and address reliability risk. Even though a single methodology is applied, it may yield different results per Region based on the facts and circumstances that may be present.

• NERC is recommended to share RAI progress with FERC staff to build awareness, especially if there is interest to file compliance related materials in the future.

• More value could be extracted from industry’s involvement in the RAI pilots if moderate and minor risks were addressed simultaneously.
• Additional focus should be given to when an entity should self-report and when it should wait to provide information during an audit.

**Review of the Standards Process Input Group (SPIG) Implementation**

Scott Helyer reviewed the 2012 recommendations of SPIG that were endorsed by the Board to improve upon the standards development process. Chris Schwab, chair of the Reliability Issues Steering Committee (RISC); Janet Sena, senior vice president and director of external affairs, NERC; and Brian Murphy, chair of the SC shared the implementation status of the various activities associated with each recommendation.

Attendees shared comments related to this review:

• NERC’s outreach efforts related to SPIG’s recommendation #3 have been appreciated. There is interest to know whether governmental and provincial regulators are satisfied with the progress identified to-date. Canadian regulators remain interested in gaining a better understanding of the expectations for their involvement in the standards development process.

• The yellow status related to cost and benefit is appropriate and may never be considered green in status. Nevertheless, NERC is encouraged to continue to evaluate the standards for cost benefit going forward.

• There is concern for the recent trend involving the liberal use and broad interpretation of the wavier provision, as related to recommendations #1 and #5. NERC is urged to be more judicial in its use of the provision going forward.

• The SPIG recommendations, as a whole, have improved the standards development process. Maintaining ANSI accreditation has been positive and the added expertise to support the standard drafting teams has been a significant improvement. Industry is still encouraged to engage even further with NERC to expand the regulatory interface.

• The output from the RISC needs to be better integrated into NERC goals and priorities and better coordinated with the Board and standing committees.

• The creation of RSAW’s and the communication of compliance expectations, at the same time that standards are being developed, has not been implemented as intended. The informal standards process could be improved upon going forward.

• It is appropriate to revisit the progress and implementation of the SPIG recommendations, especially the role that industry and the Board serve in some of these areas. There needs to be a deeper discussion regarding RSAW’s and the balance that should be reached in terms of transparency, flexibility and adaptability.

**Bulk Electric System Implementation Team Status Update**

Tom Burgess, vice president and director of reliability assessment and performance analysis and Laura Hussey, director of standards development, NERC, provided an update on the status and implementation of the Bulk Electric System (BES) definition project. A team of NERC and Regional staffs are developing reference material and guidance to assist entities in understanding how to apply the BES definition and determine the potential aspects related to registration, the exception process
and standards applicability. To help facilitate consistency of the implementation, a BES exception tool has been completed and will be ready to utilize in 2014.

Attendees shared comments related to this update:

- It is unclear how much influence and risk the BES implementation may have on the manufacturing and industrial realms. The energy intensive needs of manufacturers and industrials may force a compliance situation that did not previously exist and the public policy implications may be contrary to what is sought by the implementation process.

- Additional clarity is needed to fully understand the issues that are expected to be addressed in the BES guidance material related to: (1) the BES evaluation process and procedure; (2) evidentiary requirements for BES determinations; (3) appeal mechanisms; (4) registration issues; (5) standard applicability; and (6) compliance and enforcement monitoring.

- Individual units or assets may have a collective, aggregate impact on the BES and the guidance material should reflect how the relevant set of standards will be applied to aggregate situations.

- It is unknown how the BES team’s effort and project plan fits together with the Standards Authorization Request (SAR) that has been developed for dispersed generation. The SAR will hopefully address the minority issues that could not easily be dealt with through the BES definition. Industry is encouraged to stay involved in the SAR process and contribute to a sound technical basis to address the applicability of standards.

**Overview of the Long Term Reliability Assessment Report (LTRA) and Winter Assessment Conclusions**

John Moura, director of reliability assessment, NERC, provided a preliminary review of the conclusions from the 2013 LTRA and seasonal winter assessment reports.

Attendees shared comments related to this issue:

- There seems to be growing concern that the large amount of variable generation may not deliver the necessary reliability services. It is unclear if there is an expectation for what the BES needs relative to those reliability services.

- The “reliability” world should get in front of the “marketing” world and the ERO is encouraged to define what reliability services are and what is needed for an adequate level of reliability (ALR) so that market structures will have a base to create an efficient market.

**Legal Update**

Rebecca Michael, associate general counsel for corporate and regulatory matters, NERC, reviewed proposed amendments to the Rules of Procedure (ROP) regarding the Technical Feasibility Exception (TFE) Process and provided an update on the status of potential revisions related to ROP Section 500 and Appendix 5A. Additionally, Ms. Michael announced the recent distribution of the ERO Five-Year Performance Assessment Survey to the primary compliance contacts at the registered entity level. Comments received from the survey, related to the performance of the ERO and Regional Entities, will be shared in advance of the MRC’s quarterly meeting in May 2014.
Attendees shared the following comment related to these issues:

a. NERC’s request for comments regarding these amendments and the flexibility shown to make these adjustments and improvements to the ROP has been appreciated.

**Future Meetings**
The following are future NERC Board and MRC meeting dates and locations:

- February 5-6, 2014 – Phoenix, AZ
- May 6-7, 2014 – Philadelphia, PA
- August 13-14, 2014 – Vancouver, Canada
- November 12-13, 2014 – Chicago or St. Louis (final site to be determined)
- February 11-12, 2015 – San Francisco or San Diego, CA (final site to be determined)
- May 6-7, 2015 – Washington, DC
- August 12-13, 2015 – Toronto, Canada
- November 4-5, 2015 – Atlanta, GA

**Update on Regulatory Matters**
Charles Berardesco, senior vice president and general counsel, NERC, invited questions or comments regarding the regulatory report which highlights Canadian affairs as well as past and future significant FERC filings.

**Adjournment**
There being no further business, the meeting terminated at 5:30 p.m., Eastern.

Submitted by,

Holly Mann
Secretary
***UPDATED***

Meeting Agendas/ Presentations/ Policy Input — Posted

November 6-7, 2013 | Atlanta, Georgia

The Westin Buckhead Atlanta
3391 Peachtree Road, N.E.
Atlanta, GA 30326
Phone: 800-253-13974

**Corporate Governance and Human Resources Meeting Agenda Presentations**
November 6, 2013 – 7:30 a.m. Eastern

**Standards Oversight and Technology Committee Meeting Agenda Presentations**
November 6, 2013 – 8:45 a.m. Eastern

**Compliance Committee Meeting Agenda Presentations**
November 6, 2013 – 11:00 a.m. Eastern

**Member Representatives Committee Meeting Agenda Presentations**
November 6, 2013 – 1:30 p.m. Eastern

**Board of Trustees Meeting Agenda Presentations**
November 7, 2013 – 8:30 a.m. Eastern

**Policy Input**

**Schedule of Events**

For more information or assistance, please contact Tina Buzzard (via email) or 404-446-2564.

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com
Agenda
Member Representatives Committee
November 6, 2013 | 1:30-5:30 p.m. Eastern

The Westin Buckhead
3391 Peachtree Road, N.E.
Atlanta, GA 30326
800-253-1397

Introductions and Chair’s Remarks

NERC Antitrust Compliance Guidelines and Public Meeting Notice

Consent Agenda
1. Minutes* — Approve
   a. October 9, 2013 Conference Call
   b. August 14, 2013 Meeting
2. Future Meetings*
3. Elections and Nominations*
   a. Election of MRC Officers for 2014
   b. Update on MRC Sector Nominations and Election
   c. Update from the Board of Trustees Nominating Committee

Regular Agenda
4. Remarks from Gerry Cauley, NERC President and CEO
5. Responses to the Board of Trustees' Request for Policy Input*
   a. Operating Personnel Communication Protocols – COM-003-1
6. Additional Policy Discussion of Key Items from Board Committee Meetings*
   a. Corporate Governance and Human Resources Committee
   b. Standards Oversight and Technology Committee
   c. Compliance Committee: Status and progress of the Reliability Assurance Initiative (RAI) and Find, Fix, Track, and Report (FFT) and the Critical Infrastructure Protection (CIP) Transition
   d. Other
7. Review of Standards Process Input Group (SPIG) Implementation*
8. Bulk Electric System Implementation Team Status Update*
9. Overview of the Long-Term Reliability Assessment Report and Winter Assessment Conclusions*
10. **Legal Update**
   a. Proposed Amendments to Technical Feasibility Exception Procedure*
   b. Status of NERC Rules of Procedure Section 500 and Appendix 5A Revisions*

11. **Regulatory Update***

12. **Comments by Outgoing Chair and Chair Elect**

*Background materials included.
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<tr>
<th>Name</th>
<th>Title</th>
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<tr>
<td>Allen D. Schriver</td>
<td>PGD General Manager of Compliance, NAGF Chair</td>
<td>NextEra Energy, Inc.</td>
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<td>American Public Power Association</td>
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<td>Allen Mosher</td>
<td>VP, Policy Analysis &amp; Rel. Standards</td>
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<td>Angela Sheffield</td>
<td>VP, Audit and Compliance</td>
<td>Georgia Transmission Corp.</td>
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<td>Annette Johnston</td>
<td>Director-NERC/CIPS compliance</td>
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<td>Anthony H. Montoya</td>
<td>Chief Operating Officer</td>
<td>Western Area Power</td>
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<td>Barbara Hindin</td>
<td>Associate General Counsel</td>
<td>Edison Electric Institute</td>
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<td>Barry Lawson</td>
<td>Associate Director, Power Delivery &amp; Reliability</td>
<td>NRECA</td>
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<td>Ben Crisp</td>
<td>Director, Reliability Services and Assessments</td>
<td>SERC Reliability Corporation</td>
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<td>Brian Evans-Mongeon</td>
<td>President and CEO</td>
<td>Utility Services, Inc.</td>
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<td>Bruce Campbell</td>
<td>President &amp; CEO</td>
<td>Independent Electricity System Operator</td>
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<td>Carter Edge</td>
<td>Director of Coordinated Activities</td>
<td>Regional Entity Management Group</td>
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<td>Charles A White</td>
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<td>Constance White</td>
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<td>Daniel P. Skaar</td>
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<td>Daniel Soulier</td>
<td>Director Electric Transmission</td>
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<td>Dave Boguslawski</td>
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<td>David Clark</td>
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<td>Utah Public Service Commission</td>
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<td>Debra Warner</td>
<td>Director Enforcement, Reliability Standards and Registration</td>
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<td>Derrick Davis</td>
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<td>Dmitriy Borovik Don</td>
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<td>Holdsworth</td>
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<td>PSE&amp;G</td>
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<td>Dr. Massoud Amin</td>
<td>Vice Chairman, BoD Texas RE; Independent Director &amp; Chair of Hearing Committee, MRO BoD</td>
<td>Texas RE and MRO</td>
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<td>Edward A. Schwerdt</td>
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<td>Eric Scott</td>
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<td>Director, Regulatory Policy &amp; Compliance</td>
<td>Southwest Power Pool</td>
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November 6, 2013 - Member Representatives Committee
Meeting Attendance – Atlanta, GA

Guy V. Zito  Asst. Vice President Standards
Harvey J Reed  Chairman of the Board
Herb Schrayshuen  Principal
Hertzel Shamash  Vice President
Jack Cashin  Director Regulatory Affairs
James Brenton  Regional Security Coordinator
James Castle  OC Chair
James Robb  CEO Designate
Jason Blake  General Counsel
Jason Marshall  Director, Reliability Compliance
Jeffrey Mueller  Manager - ERO/RE Policy & Standards Interface

Jen Fiegel  Sr Director Risk Management
Jennifer Budd  Vice President & COO
Jennifer Mattiello  Director, NERC Compliance Program
Jennifer Sterling  Mgr. RCIA
Jim Castle  Vice President & Chief Program Officer
Jim Albright  President & Chief Executive Officer
Jim Burpee  Vice President, Energy Delivery
Jim Keller  Director, Federal Regulatory Affairs & Policy
John Anderson  President
John Di Staso  General Manager & Chief Executive Officer
John Seelke  NERC Standards Development & Advocacy Manager
John Twitty  Executive Director

Jonathan First  Special Reliability Counsel
Joseph H. McClelland  Office Director, OEIS

Katie Detweiler  Supervisor
Katie Schnider  Sr. Communications Specialist
Kent Kujala  Senior Manager, NERC Compliance
Kevin Berent  Manager, RIA
Lane Lanford  President & CEO

Linda Campbell  VP Standards & Compliance
Executive Director, Deputy General Counsel, Compliance Services

Lori Spence  Executive Director, Deputy General Counsel, Compliance Services
Lorne Midford  Manitoba Hydro

Northeast Power
Coordinating Council, Inc.
Northeast Power
Coordinating Council, Inc.
Power Advisors, LLC
Dayton Power and Light
EPSA
ERCOT
NYISO
Western Electric
Coordinating Council
ReliabilityFirst Corporation
ACES
PSE&G
OnCor Electric Delivery
Company LLC
Northeast Power
Coordinating Council, Inc.
Exelon
NYISO
Texas Reliability Entity
Canadian Electricity Association
Edison Electric Institute
We Energies
ELCON
Sacramento Municipal Utility District (SMUD)
Public Service Enterprise Group
TAPS
Federal Energy Regulatory Commission
Federal Energy Regulatory Commission
Federal Energy Regulatory Commission
Schweitzer Engineering Laboratories
DTE Energy
NATF
Texas Reliability Entity, Inc.
Florida Reliability Coordination Council, Inc.
MISO
Manitoba Hydro
Lou Oberski  Managing Director NERC Policy
Maggy Powell  NERC Compliance Management
Mark Maher  CEO
Martin Kirkwood  Director, Critical Infrastructure Protection
Matt Blizzard  Manager
Matthew Barbera  Manager
Maureen A. Borkowski  Senior Vice President, Transmission
Michael Desselle  VP & CAO
Michael Michael Moltane  Manager, Operations Policy
Michael Moon  Sr Dir, RRM
Michelle D’Antuono  Manager, Energy
Maggie Cramblit  VP-General Counsel and Director of External Affairs
Mike Penstone  Planning
Mike Spoor  VP Transmission & Substation
Neil Shockey  Manager
Nick Brown  President & CEO
Noel Black  Director, Federal Regulatory Affairs
Pandelis Xanthakos  General Manager
Patrick Brown  Director, U.S. Affairs
Patti Metro  Manager, Transmission & Reliability Standards
Paul Curtis  Assistant General Counsel
Peter A. Heidrich  Manager of Reliability Standards
Randy Crissman  Vice President - Technical Compliance
Ray Palmieri  Senior Vice President/Treasurer
Ray Phillips  Director of Compliance and Distribution Services
Robert Schaffeld  Senior Counsel
Robert Hoopes  Sr. Director-FERC/NERC Compliance
Robert Eckenrod  Vice President
Scott Helyer  Vice President, Transmission
Scott Henry  President/CEO
Scott Miller  Manager Regulatory Policy
Scott Miller  Manager Regulatory Policy
Shawn Bennett  Technical Advisor
Steve Goodwill  VP & General Counsel

Dominion
Exelon
Western Electric
Coordinating Council
Federal Energy Regulatory Commission
NERC
Deloitte & Touche LLP
Ameren
Southwest Power Pool
ITC
NERC
Occidental Chemical Corporation
Midwest Reliability Organization
Hydro One Networks Inc.
Florida Power & Light
Southern California Edison
Southwest Power Pool
Southern Company
SCE&G
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NRECA
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ReliabilityFirst Corporation
Alabama Municipal Electric Authority
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Southern Company
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MEAG Power
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Western Electric
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<td>Steven Noess</td>
<td>Associate Director of Standards Development</td>
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<td>Steven T Naumann</td>
<td>VP, Transmission and NERC Policy</td>
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<td>Susan Ivey</td>
<td>VP - Transmission Strategy &amp; Compliance</td>
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<td>W. Clay Smith</td>
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<td>William C. Phillips</td>
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<td>William J Gallagher</td>
<td>Special Projects Manager</td>
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<td>William O. Ball</td>
<td>EVP and Chief Transmission Officer</td>
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Minutes
Member Representatives Committee
Pre-Meeting Informational Conference Call and Webinar
October 9, 2013 | 11:00 a.m. Eastern

Chair Carol Chinn, with Vice-Chair John Anderson present, convened a duly-noticed open meeting by conference call and webinar of the North American Electric Reliability Corporation Member Representatives Committee (MRC) on October 9, 2013 at 11:07 a.m., Eastern. The meeting provided the MRC and other stakeholders an opportunity to preview proposed agenda topics for the MRC, Board of Trustees (Board) and Board committee meetings scheduled to be held November 6-7, 2013 in Atlanta, Georgia. The meeting announcement, agenda, and list of attendees are attached as Exhibits A, B, and C, respectively.

NERC Antitrust Compliance Guidelines and Public Meeting Notice
Holly Mann, committee secretary, directed the participants’ attention to the NERC Antitrust Compliance Guidelines and the public meeting notice included in the agenda.

Ms. Mann declared a quorum present with the following recognized proxies:
- Allen Mosher for Tim Arlt – State / Municipal Utility
- Barry Lawson for Jay Bartlett – Cooperative Utility
- Bill Gallagher for John Twitty – Transmission Dependent Utility
- Michael Desselle for Nick Brown – ISO/RTO
- David Barrett for Bruce Campbell – ISO/RTO

Policy for Documenting Meeting Minutes
The MRC approved, on a motion by Steve Naumann and seconded by Bill Gallagher, the draft policy for documenting the minutes of the MRC meetings.

The MRC approved, on a motion by Bill Gallagher and seconded by Bob Schaffeld, the draft minutes of its July 17, 2013 conference call and May 8, 2013 meeting (Exhibits D and E, respectively). The draft minutes from the August 14, 2013 MRC meeting in Montreal will be reviewed by the MRC for approval during its November 6, 2013 meeting in Atlanta.

Review of Proposed MRC Agenda Items for November 6, 2013
Ms. Chinn reviewed the preliminary MRC agenda items, via a slide presentation, for the upcoming November 6 meeting in Atlanta (Exhibit F). Topics include:
- Election of MRC officers for 2014;
- Update from the Board of Trustees Nominating Committee (BOTNC);
- Update on the schedule for MRC sector elections;
- Review of the implementation of the Standards Process Input Group (SPIG) recommendations;
- Update on the Bulk Electric System (BES) implementation team;
- Update on the material change in the facts underlying approval of the Technical Feasibility Exception (TFE);
- Discussion of the responses submitted to the policy input request from the Board; and
- Additional discussion of the issues presented at the Board committee meetings on November 6.

**Review of Proposed Board and Board Committees’ Meeting Agenda Items**
Ms. Chinn and NERC staff reviewed the preliminary agenda items, via a slide presentation, for the Board of Trustees and Board committee meetings scheduled for November 6-7 in Atlanta (Exhibit F). Ms. Chinn encouraged MRC members to review all agenda materials for the Board and Board committee meetings, once posted and available on October 23, and attend as many of these meetings as possible, in advance of the MRC’s meeting on November 6.

**Schedule of Events for Upcoming Meetings**
The draft schedule of events for the upcoming meetings in Atlanta was included in the agenda package for today’s meeting. The MRC meeting is scheduled to begin at 1:30 p.m. on November 6.

**Informational Updates**
NERC staff and industry representatives provided updates on the following topics: Critical Infrastructure Protection (CIP) transition program; status of Reliability Assurance Initiative (RAI) and find, fix, track and report (FFT) initiatives; and preliminary conclusions of the 2013 long-term reliability assessment and candidates for special assessments.

**Policy Input Reminder**
The Board’s request for policy input is scheduled to be released today and responses are due by Wednesday, October 30 to Holly Mann, committee secretary.

**Proxy Reminder**
Proxy notifications for the November 6 meeting must be submitted in writing to Holly Mann, committee secretary.

**Meeting Adjourned**
There being no further business, the call was terminated at 1:00 p.m., Eastern.

Submitted by,

Holly Mann, Secretary
Chair Carol Chinn, with Vice-Chair John Anderson present, called to order the North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) meeting on August 14, 2013 at 1:30 p.m., Eastern. The meeting announcement, agenda, and list of attendees are attached as Exhibits A, B and C, respectively.

**NERC Antitrust Compliance Guidelines and Public Meeting Notice**

Holly Mann, committee secretary, called attention to the NERC antitrust compliance guidelines and the public meeting notice. Any questions should be addressed to NERC’s general counsel, Charles Berardesco.

Ms. Mann declared a quorum present with the following recognized proxies:
- Lam Chung for Lorne Midford – Federal/Provincial
- Larry Nordell for Charles Acquard – Small End-Use Electricity Customer
- Todd Snitchler for Thomas Dvorsky – State Government
- Stacy Dochoda for Robert Hunzinger – Regional Entity

**Introductions and Chair’s Remarks**

Ms. Chinn welcomed attendees and acknowledged the ten year anniversary of the August 14, 2003 blackout that encompassed parts of the upper midwest and northeast United States and eastern Canada. Ms. Chinn recognized the MRC’s responsiveness to the July 17 policy input request from Fred Gorbet, chairman of the NERC Board, and requested that an additional item be added to the agenda for further discussion regarding the recent release of a draft 345kV circuit breaker alert by NERC.

**Minutes**

The MRC abstained from taking formal action regarding the draft minutes of its July 17, 2013 conference call and May 8, 2013 meeting (Exhibits D and E, respectively). John Anderson and Steve Naumann agreed to coordinate with other member representatives to develop a written policy, similar to the policy that exists for the NERC Board and its standing committees, for documenting the minutes of the MRC meetings. Any outstanding draft minutes will be revised and reviewed per the new policy at a future MRC meeting.
Nominations

Board of Trustees Nominating Committee (BOTNC)

Dave Goulding, chair of the BOTNC, reported that there are four trustees whose terms expire in February 2014 and have expressed their desire for re-election: Fred Gorbet, Paul Barber, Janice Case and Roy Thilly. The BOTNC determined there is no reason to engage a search firm for additional nominees. The BOTNC will meet during the November 2013 quarterly meetings to review the candidacy of each trustee seeking re-election and to develop a report for the MRC’s review in December 2013. The MRC will vote to re-elect all four trustees in February 2014.

The BOTNC includes five members of the MRC:

1. Carol Chinn - MRC Chair
2. John Anderson - MRC Vice Chair
4. Todd Snitchler – State Government Sector
5. Scott Helyer – Merchant Electricity Generator Sector

Nominations and Election of MRC Officers and Sector Representatives

Ms. Chinn announced the annual nomination and election of the MRC chair, vice chair and member representatives from each sector. The schedule for the 2014 nominations and elections is as follows:

**MRC Officer Nominations and Elections:**
- Friday, August 30 – nomination period opens
- Monday, September 30 – nomination period closes
- Wednesday, November 6 – election of officers for following year by current MRC members

**MRC Member Nominations and Elections:**
- Tuesday, September 10 – nomination period opens
- Tuesday, November 12 – nomination period closes
- Monday, December 2 – election begins
- Thursday, December 12 – election ends

Remarks from Gerry Cauley, NERC President and CEO

Mr. Cauley recognized areas where progress has been achieved since the blackout event of 2003: mandatory standards and compliance and entity registration programs are now in effect; enforcement penalties and consequences are maturing; and event reporting, data analysis, metrics and trending are in place to help ensure patterns do not reoccur.

Responses to the Board’s Request for Policy Input

Ms. Chinn acknowledged the MRC’s responses to Fred Gorbet’s July 17 letter requesting policy input. Attendees shared comments related to a number of issues included in the letter or as part of their
responses to the Board. These comments are not all inclusive, but provide the general tenor and scope of the discussion:

**Geomagnetic Disturbance (GMD), guidance to drafting team**
- This type of standard is different from most reliability standards developed by NERC. It is difficult to pick a specific number for planning purposes since no one knows for sure the impact, cost and mitigation of a 1 in 50 year or 1 in 100 year event. It is important to be flexible as the model matures and as the GMD task force (GMDTF) develops further information to review impacts, costs, mitigation.
- It is unclear how the cost effectiveness principles and techniques can be applied to GMD standards, due to technical uncertainty. At some point there may be diminishing return for the money and resources invested in this planning effort. Cost effectiveness processes developed by the Standards Committee should be applied to all standards projects going forward in 2014.

**Bulk Electric System (BES), Phase 2**
- The review of the compliance registration criteria is intended to determine efficient ways of registering entities based on the function(s) performed, assets maintained, and other responsibilities. However, there are questions about whether the BES definition may drive the review and alignment of the compliance registry criteria.
- There is concern that costs and benefits are not adequately being addressed.
- Additional detail is requested about the tool being developed, that includes a reconsideration provision, to address questions related to the BES exclusion process.
- NERC and the standard drafting team (SDT) are encouraged to take an approach that makes sense when determining what standards should apply to the inclusion of distributed generation (wind and solar).

**Critical Infrastructure Protection (CIP) transition guidance**
- There is a desire for more information regarding the consistent implementation of the CIP transition process and implementation studies across all the Regions. Entities need to understand what compliance monitoring and enforcement requirements they will be held to while transitioning to Version 5. There is concern that Version 5 will bring a bow wave of compliance filings.
- There is confusion around the regulatory uncertainty associated with the reliability coordinator’s (RC) responsibility to review and approve critical asset lists as part of the transition.
- There are a number of entities that are not presently covered by the transition guidance so NERC is encouraged to include an educational and outreach portion, especially for entities that do not apply today, but will apply in a few months.
- NERC agreed to maintain a running dialogue with industry by developing a frequently asked questions (FAQs) document to address some of the implementation questions associated with the transition.
Electricity Sub-Sector Coordinating Council (ESCC), activities to-date

- The new charter, subject to Board’s endorsement on August 15, removes any previous obligation of the MRC to nominate and appoint ESCC members.
- There may be a future opportunity for a NERC Board of Trustee member to observe the ESCC meetings.
- There is concern that industrial consumers were excluded from the development of this new effort.

Standards Development Process

- An appeal was filed in response to the Standards Committee’s (SC) actions to simultaneously post, for multiple projects, a SAR and a draft standard for comment and balloting. Industry has been asked to vote on SARs while the same informally-developed standards are out for ballot. These actions are believed to be in conflict with standard processes manual (SPM) and American National Standards Institute (ANSI) principles.
- Many among industry desire to move standards development along at a quicker and more immediate pace, but recognized that there needs to be judicious use of the informal development process until improvements can be made and documented in the SPM.

Additional Policy Discussion from Board Committee Meetings

Attendees shared comments in response to the discussions from the Board committee meetings:

Corporate Governance and Human Resources Committee

- The annual effectiveness evaluation of the NERC Board will soon commence and be available to the voting and non-voting members of the MRC. Several edits were incorporated into this year’s evaluation. The MRC will receive these proposed edits to review and comment on in the upcoming weeks.
- The 2014 cycle for establishing and/or confirming the ERO Enterprise goals, objectives and performance metrics is scheduled to begin soon for NERC and the Regions. The MRC is encouraged to provide input earlier in this process and focus on the alignment with industry. Public posting will be available in the upcoming months.

Compliance Committee: Status and progress of the Reliability Assurance Initiative (RAI) and Find, Fix, Track and Report (FFT)

- Industry is interested in accelerating the Find, Fix, and Record (FFR) process. In the interim, the timeline for making a determination for treatment as FFT has not been communicated in enough detail.
- NERC acknowledged that the early triage process, to make a quick determination for processing minimal risk issues as an FFT, will soon be in place throughout the ERO Enterprise.
Standards Oversight and Technology Committee: Balloting of the BES and COM-003 and proposed solutions

- In follow-on to the Board’s request for additional responses to the draft COM-003-1 Reliability Standard, the Operating Committee (OC) will review the reports of the Reliability Issues Steering Committee (RISC), the Independent Experts Review Panel, and NERC management. The OC will provide its response to the Board in advance of the November 2013 meetings.
  - There is concern with the clarity of compliance associated with the standard, as drafted.
  - Additional consideration needs to be given to certain reliability directives that are issued as an “all-call” where three part communication is not used. The only way to reach compliance under these circumstances is not to announce an “all-call” as a reliability directive.

- The Independent Experts Review Panel made recommendations through its report. The focus should now be on efficiently and effectively reviewing those recommendations, developing an implementation plan and providing a status report that addresses any gaps that have been identified by the panel.

- There should be additional focus on evaluating requirements that meet the Paragraph 81 criteria. Removing requirements from the actively monitored list (AML) does not change the expectation to comply and/or demonstrate compliance. Removing from the AML may lighten the compliance burden, but does not remove the legal obligation until the action to remove is acted on by the Board.
  - Some of the requirements, being retired as part of the 147, could be transitioning to the North American Energy Standards Board (NAESB) for further action.

Business Plan and Budget (BP&B) Process

Report from the MRC BP&B input group

- The input group was organized in August 2012 to review the ERO responsibilities and contribute to the criteria for determining the scope of Section 215 activities. The group also provided input and guidance throughout the development of the 2014 BP&B. The role of the input group is not to represent the full MRC membership in the development of the budget, but to give NERC early input.

- It is likely that the input group’s coordination with NERC and the Regions will continue for the 2015 budget cycle. Anyone interested in participating from the MRC should contact Carol Chinn or John Anderson in advance of the November 2013 meetings.

Review of 2014 process changes

Mike Walker, senior vice president and chief financial and administrative officer, NERC, summarized improvements to the annual development of the BP&B process. There is a concerted focus to integrate the activities underway by the RISC, MRC and other committees into the 2015 BP&B. The goals, objectives and performance metrics for 2014 will also be included in the development of the BP&B. Preliminary discussion of the 2015 BP&B cycle and integration of priority activities is expected during Q1 of 2014.
Reliability Issues Steering Committee (RISC)

Prioritization Report
Chris Schwab, chair of the RISC, presented the committee’s prioritization report that includes the results of a gap analysis on each of the high and medium-priority issues identified earlier in the year. A new issue, “Adaptation and Planning for Change,” was added to the high-priority list with ongoing encouragement to align the priorities of the RISC with other initiatives such as the 2015 BP&B and NERC’s Long-Term Reliability Assessment (LTRA).

Attendees shared comments related to this report:

- It is unclear how an issue like overdependence on natural gas would be identified through the RISC’s prioritization and then advanced for consideration during the development of the BP&B.
- A culture change and growth has to occur so that the RISC and others rely on the results of a true gap analysis to determine the prioritization of issues and decide on when and how these issues will be resourced.
- There is concern that the information provided to the RISC may be used for enforcement purposes.
- RISC priorities are intended to inform program areas at NERC, but it is still unclear how the RISC ranking along with the recommendations of other efforts such as the Independent Experts Review Panel will be used by NERC in the BP&B process.

RISC Charter
In accordance with Section 11 of the RISC Charter, the MRC conducted its review, at the first year anniversary of the RISC’s formation, and offered no suggested changes or adjustments.

Draft 345kV Breaker Alert
Ms. Chinn notified the MRC of an addition to the agenda regarding the discussion of a proposed alert, from NERC’s event analysis program, regarding the failure of circuit breakers. Attendees shared comments related to this proposed alert:

- The event analysis process worked well, but an advisory, instead of a recommendation or an alert, seems to be more appropriate for informing industry of this risk. There is a potential policy concern regarding asset management. Where does NERC’s event analysis end and asset owners’ asset management begin?
- How does NERC receive some assurance that a potential reliability issue is being addressed by industry? NERC communicated that when it becomes aware of an identified problem with a likelihood of reoccurrence, it has a responsibility to inform the industry and provide some assurance to industry and regulators that the problem is being addressed.
- It was suggested that NERC work with the North American Transmission Forum (NATF) and the North American Generator Forum (NAGF) to confirm, through an aggregated effort, that their members have looked into this issue and have a plan in place to remediate, as necessary.
Long Term Reliability Assessment: Emerging Issues and Potential Special Assessment Candidates

Tom Burgess, director of reliability assessment and performance analysis, NERC, announced recent survey efforts to engage the MRC and other committees in the development of the long term reliability assessment (LTRA) and the identification of emerging issues for the enhancement of bulk system reliability. The NERC Planning Committee identified the following long-term challenges:

a. Continued Integration of Variable Generation
b. Increased Dependence on Natural Gas for Electric Power
c. Fossil-Fired Retirements and Coordination of Outages for Environmental Control Retrofits
d. Wide-Scale Nuclear Generation Retirements and/or Long-Term Outages
e. Increased Use and Role of Demand-Side Management
f. Increasing Uncertainty in Load Forecasts
g. Transmission Siting, Permitting, and other Right-of-Way Issues
h. Aging Infrastructure

Attendees shared comments related to this issue:

- Additional information is needed to better understand the challenges associated with the integration for variable generation, specifically if the increased solar penetration adds any additional challenges to this process.
- It is not clear how the survey results, RISC priorities, and other cross-collaborative efforts are being integrated and considered in the BP&B process and the development of LTRA and special assessments.
- Resources must be leveraged outside of NERC to include communications and information sharing, especially for the area of physical security.

Future Meetings

Ms. Chinn recognized a request from the MRC to consider future meeting locations that are more central to the United States, in the mid-western states. The following are future NERC Board and MRC meeting dates and locations:

- November 6-7, 2013, Atlanta, GA
- February 5-6, 2014 Phoenix, AZ
- May 6-7, 2014 - Philadelphia, PA
- August 13-14, 2014 - Vancouver, Canada
- November 12-13, 2014 - Chicago/St. Louis
- February 11-12, 2015 - San Francisco or San Diego, CA (final site to be determined)
- May 6-7, 2015 - Washington, DC
- August 12-13, 2015 - Toronto, Canada
- November 4-5, 2015 - Atlanta, GA

1 This location was confirmed following the MRC meeting on August 14, 2013.
2 This location was proposed following the MRC meeting on August 14, 2013.
Update on Regulatory Matters

Charles Berardesco, senior vice president and general counsel, NERC, invited questions or comments regarding the new format of the regulatory report which highlights Canadian affairs as well as past and future significant FERC filings.

Adjournment

There being no further business, the meeting terminated at 5:30p.m., Eastern.

Submitted by,

Holly Mann
Secretary