

Minutes Regulatory Oversight Committee Open Meeting

May 7, 2025 | 1:30 p.m. – 2:30 p.m. Eastern
Hybrid Meeting

In-Person (Board, MRC, NERC Staff ONLY)

NERC DC Office
1401 H Street NW, Suite 410
Washington, D.C. 20005

Mr. Robin E. Manning, Chair, called to order the duly noticed open meeting of the Board of Trustees Regulatory Oversight Committee (ROC or Committee) of the North American Electric Reliability Corporation (NERC) on May 6, 2025, at approximately 1:30 p.m. Eastern Time, and a quorum was declared present.

Present at the meeting were:

Committee Members

Robin E. Manning, Chair
Kenneth W. DeFontes, Jr.
George S. Hawkins
Susan Kelly
Suzanne Keenan, *ex-officio*

Board of Trustees Members

James B. Robb, NERC President and Chief Executive Officer
Jane Allen
Robert G. Clarke
Larry Irving
Jim Piro
Colleen Sidford
Kristine Schmidt

NERC Staff

Michael Ball, Senior Vice President and CEO of the E-ISAC
Tina Buzzard, Director, Board Operations and Corporate Governance
Manny Cancel, Advisor to the CEO E-ISAC
Todd Carter, Vice President, Business Technology
Howard Gugel, Senior Vice President, Regulatory Oversight
Kelly Hanson, Senior Vice President, Chief Operating Officer
Soo Jin Kim, Vice President, Engineering and Standards
Mark Lauby, Senior Vice President and Chief Engineer
James McGrane, Senior Counsel
Kaiesha Morgan, Program Specialist, Corporate Governance and Enforcement
Lonnie Ratliff, Director, Compliance Assurance and Certification
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary
Camilo Serna, Senior Vice President, Strategy and External Engagement
Teri Stasko, Assistant General Counsel and Director of Enforcement
Jim Stuart, Director, Registration

Introduction and Chair's Remarks

Chair Manning welcomed the members of the ROC and other attendees to the meeting. Chair Manning provided a brief summary of the May 6, 2025 Closed Committee Meeting, noting the Committee reviewed its 2025 annual evaluation results; and received updates on a CMEP matter, Reliability Standards projects, and vegetation management matters.

NERC Antitrust Compliance Guidelines

Chair Manning directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance agenda package and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Rocha.

Minutes

Upon motion duly made and seconded, the ROC approved the February 12, 2025 and January 10, 2025 Open Sessions minutes.

Reliability Standards

Ms. Calderon explained that in response to a November 2023 FERC order and to evaluate efficiency gains to the standards development process, NERC staff collected and reviewed data from standards projects developed from December 2023 through Q1 2025. She shared that NERC staff drafted a report that identifies the applied method for this evaluation and the results, which indicates that no significant efficiency gains have been achieved since implementation of the 2023 revisions to the Standard Processes Manual and Section 300 of the NERC Rules of Procedure. She also shared that NERC staff concludes that further, more holistic changes are needed to effectively transform the Standards Development process into an agile and risk responsive framework that continues to prioritize industry consensus-building in an open and inclusive environment.

Standards and CMEP Enhancements

Mr. Ratliff and Ms. Stasko provided a summary of the November 8, 2024 supplemental filing to the ERO Performance Assessment report filed on July 19, 2024. Mr. Ratliff shared that NERC has identified one factor that increases the time to develop standards is stakeholders' considerations of compliance risk. To address this, the ERO Enterprise seeks to use a compliance abeyance period in limited circumstances to improve a risk focus in both the CMEP and the standards consensus-building process to address new or urgent reliability needs in a nimble and agile manner. Ms. Stasko shared that, to complement the changes to the Standards drafting process, the ERO Enterprise is working to gain efficiencies in the processing of minimal risk noncompliance to ensure timely data is available to provide feedback for new and existing Reliability Standards.

ERO Regulatory Programs

Messrs. Stuart, Ratliff, and McGrane provided a regulatory programs update. Mr. Stuart shared registration updates, including information regarding continued engagement with potential candidates for registration, a practice guide on applying registration criteria for Category 2 GOs and GOPs. Mr. Ratliff provided an overview of the 2025 CMEP workshop, including the topics discussed and attended diversity. Mr. McGrane gave an overview of future inflation adjustment for penalties. He shared that the vast majority of noncompliance processed over the last five years has been processed using streamlined dispositions that

carry no penalties. Key principles for penalty assessments are laid out in the NERC Sanction Guidelines. Specifically, penalties must bear a reasonable relationship to the seriousness of the violation; penalties should not be overly burdensome to less consequential/financially limited entities; and no penalty should be inconsequential to the entity. With those key principles in mind, the ERO Enterprise will begin adjusting starting penalty values for inflation in 2026. This is intended to ensure that penalties do not become inconsequential to the entity and continue to bear a reasonable relationship to the seriousness of the violations.

Reference Materials

Chair Manning brought the reference materials to the attention of the Committee.

Adjournment

There being no further business, the meeting was adjourned.

Submitted by,

A handwritten signature in black ink, appearing to be 'SR' followed by a long horizontal stroke.

Sônia Rocha
Corporate Secretary