ERO Executive Spotlight – Mark Lauby, Senior Vice President and Chief Engineer

New Risk Framework is Tool to Support Grid Reliability
The success of the ERO Enterprise mission heavily relies on our commitment to continuous improvement. As we have evolved over the past 10 years, we have placed more emphasis on a risk-based approach, which more accurately prioritizes those known and emerging issues that present the greatest risk to Bulk Electric System (BES) reliability.

We identify risks in both a leading and lagging manner. We scan the horizon for emerging risks such as grid transformation and critical infrastructure interdependencies (i.e., leading). At the same time, we gather data and information on the performance of the existing bulk power system to uncover unexpected risks such as large quantities of photovoltaic generation ceasing to operate under certain system conditions (i.e., lagging). In addition, we annually release our State of Reliability report that documents the annual system performance in a comparative fashion. Our policies, procedures and programs are then used to address mitigation of these identified risks.

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Headlines

Reliability Leadership Summit Focuses on Wide-Ranging Known and Potential Risks to Reliability and Security

Statement on Appointment of New FERC Chair

Statement on FERC’s January Open Meeting Action

ERO Enterprise Further Extends Self-Logging Program Expansion and Deferment of On-Site Activities through Mid-2021
Grid Reliability (cont’d)

Six-Step Process – A Collaborative Effort
Our approach, which is consistent with risk management frameworks used in other industries, consists of six steps:

1. **Risk Identification and Validation** – The Reliability and Security Technical Committee (RSTC) and Reliability Issues Steering Committee (RISC) undertake this process by using annual performance measurement activities, such as the annual *State of Reliability* report, long-term and seasonal reliability assessments as well as event analysis. They also maintain and update the risk registry, removing risks and adding others.

2. **Risk Prioritization** – The RSTC and RISC collaboratively complete the risk prioritization process annually. The Standing Committees Coordination Group (SCCG) serves as a coordination point to ensure broad alignment across the standing committees throughout all steps of the process.

3. **Mitigation Identification and Validation** – Appropriate RSTC subgroups are responsible for mitigation identification and validation thereby accounting for changing needs across the bulk power system. The RSTC provides updates to the RISC on the subgroup activities that are undertaken on a quarterly basis.

4. **Deployment** – ERO policies, procedures and programs are put into effect to mitigate risks. Depending on the risk remediation/mitigation activities selected, the RSTC, Standards Committee (SC) and Compliance and Certification Committee (CCC) are assigned certain activities.

5. **Measurement of Success** – The RSTC’s annual performance measurement activities are used to measure success, and the RSTC provides updates to the RISC on the actions being taken on a quarterly basis. Strategies and plans are jointly evaluated for effectiveness, highlighting next steps.

6. **Residual Risk** – The RSTC and RISC monitor residual risk in coordination with each other. The CCC is responsible for measuring the effectiveness of developed Reliability Standards, as well as residual risk, and reports back to the RISC through its Compliance and Enforcement Implementation Plan and by using specific metrics used to measure effectiveness.

In addition to these steps, the framework leverages the reliability ecosystem (e.g., forums, professional organizations and government) to gain industry action around those risks with the greatest likelihood and impact to reliability. Further, the framework addresses what policies, procedures and programs should be used based on the likelihood and impacts of the risk being observed.

The ERO Enterprise’s risk-based approach is fundamental to the success of our mission. The development of a standardized framework brings the level of consistency of approach and data collection and analytics required to identify and mitigate the most impactful risks to grid reliability and security. I am pleased with the collaboration that has gotten us to this point and look forward to continuing this work in 2021.

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**Headlines**

**Reliability Leadership Summit Focuses on Wide-Ranging Known and Potential Risks to Reliability and Security**
NERC and the RISC hosted the biennial *Reliability Leadership Summit* virtually on January 26–27. During the two-day event, leading industry experts addressed multiple topics relating to known and emerging risks to bulk power system reliability.

Mark Lauby, NERC’s senior vice president and chief engineer; Nelson Peeler, senior vice president, Transmission and Fuels Strategy and Policy, Duke Energy, and RISC chair; and Brian Slocum, vice president, Operations, ITC Holdings Corp. and RISC vice chair, served as hosts of the event.
Giving opening keynote addresses were Cheryl LaFleur, former FERC chair and commissioner, and Jacinda B. Woodward, senior vice president, Power Operations at the Tennessee Valley Authority. Other NERC speakers included Manny Cancel, NERC senior vice president and chief executive officer (CEO) of the E-ISAC; and Jim Robb, NERC president and CEO, who delivered closing remarks on Wednesday.

“I’m pleased that we have attracted top industry and government experts who will address wide-ranging challenges to electricity reliability, security and resilience,” Lauby said. “Despite the virtual nature of the event, we have more than 400 registrants, and I know that — as in previous years — robust and interesting debate will be the hallmark of the summit.”

Over the course of the event, four panels focused on:

- **Grid Transformation** – Panelists discussed the challenges created by the shift from conventional generation resources to the new resource mix, the risks faced by operators and planners posed by new resource integration as well as reliability and security impacts and the associated considerations.
- **Extreme Natural Events** – In addition to weather-related events, panelists discussed the impacts of “people” events, such as the current pandemic, the unique challenges they create and ways to prepare for them.
- **Security Risks** – Panelists discussed the evolution and potential mitigation activities that support operational, cyber and physical security, which are the essential components of a highly reliable bulk power system.
- **Critical Infrastructure Interdependencies** – Panelists discussed the implications of the increased interdependencies between critical infrastructure and industry subsectors as well as how best to address the jurisdictional issues that need to be tackled to address the risks they present.

A reception at the end of the first day featured Peter Fox-Penner, Ph.D., who speaks frequently on energy topics and is the author of numerous published articles and books, including “Smart Power: Climate Change, the Smart Grid, and the Future of Electric Utilities” and its sequel “Power After Carbon: Building a Clean, Resilient Grid.”

Each day concluded with a moderated open discussion. The results and observations from the entire event will be used to identify, assess and manage reliability priorities across the Electric Reliability Organization (ERO) and will be documented in the RISC’s report, anticipated to be released in August 2021 (for background, see 2019 Report).

Statement on Appointment of New FERC Chair
On behalf of NERC, I congratulate Rich Glick on his appointment as FERC chair. Throughout his service, Chair Glick has developed a distinguished record as a thoughtful and collaborative member of FERC, and I look forward to his leadership as we navigate a rapid transformation of the grid and increasing security threats. We will continue working together in support of reliability and security of the bulk power system.

- Jim Robb, President and CEO of NERC

Statement on FERC’s January Open Meeting Action
NERC appreciates FERC’s acceptance in large part of our five-year performance assessment compliance filings, which affirms the shared commitment of FERC, NERC and the Regional Entities toward assuring the reliability and security of the bulk power system. The order accepts NERC’s proposals regarding the Electricity Information Sharing and Analysis Center, sanction guidelines, registration and certification programs, and reliability guidelines. NERC is committed to the excellent performance of our ERO mandate, including our oversight of the Regional Entities, and is confident we will be able to work with FERC to address any concerns. We will review FERC’s proposal to submit performance assessments on a three-year cycle. We appreciate recognition of the need for balance between…
the additional compliance burden and the intended benefits for reliability.

**ERO Enterprise Further Extends Self-Logging Program Expansion and Deferment of On-Site Activities through Mid-2021**

In May, the ERO Enterprise released guidance that provided additional regulatory relief related to registered entities’ coronavirus response and temporarily expanded the Self-Logging Program and deferred on-site activities. Due to the ongoing pandemic, the ERO Enterprise is extending this expansion through June 30, 2021, to allow all registered entities to self-log instances of potential noncompliance with minimal or moderate risk related to their coronavirus response.

During this challenging time, the ERO Enterprise recognizes the importance of prioritizing the health and safety of personnel and the continued reliability and security of the bulk power system. We will continue to evaluate the circumstances to determine whether additional guidance and extensions are needed. Updated Guidance | CMEP One-Stop Shop

**Compliance**

**Program Alignment Update**

In January, NERC added a self-identified alignment issue pertaining to the CMEP practice guide on considerations for ERO Enterprise CMEP staff regarding the application of the BES definition to Battery Energy Storage Systems and Hybrid Resources. The ERO Enterprise Program Alignment Process is intended to enhance efforts to identify, prioritize and resolve alignment issues across the ERO Enterprise. Using this process, NERC captures identified issues from the various resources in a centralized repository. The Consistency Reporting Tool uses a third-party application, EthicsPoint, which allows stakeholders to submit consistency issues — anonymously, if desired.

**Compliance Guidance Update**

A key factor in the success of compliance monitoring and enforcement of mandatory standards rests on a common understanding among industry and ERO Enterprise CMEP staff of how they can achieve and demonstrate compliance. For many standards, this is straightforward.

For others, a variety of approaches may achieve the same objective. Industry develops Implementation Guidance, for industry, and the guidance requires ERO Enterprise endorsement. This guidance provides examples for implementing a standard.

The NERC Compliance Assurance department posted one new ERO Enterprise-endorsed Implementation Guidance document — **TOP-001-4 and IRO-002-5 Data Exchange Infrastructure and Testing (OC)** — to the Compliance Guidance web page.

**2021 and 2020 ERO Enterprise Data Submittal Schedules Posted**

NERC added the TPL-007-4 Corrective Action Plan Extension Request Review Process as Appendix B to both the **2021** and **2020** ERO Enterprise Data Submittal Schedules. The Compliance Enforcement Authority (CEA) requires Periodic Data Submittals in accordance with the schedule stated in the applicable Reliability Standards, as established by the CEA, or as needed, in accordance with the NERC Rules of Procedure, Appendix 4C Section 3.6.

**Updated Registered Entity Self-Report and Mitigation Plan User Guide Available**

NERC added the updated **Registered Entity Self-Report and Mitigation Plan User Guide** to the Enforcement and Mitigation page. The user guide was updated with guidance applicable to the implementation of Align.

**Reliability Risk Management**

**Request for Volunteers: NERC Electromagnetic Pulse Working Group**

The Reliability and Security Technical Committee (RSTC) recently established the NERC Electromagnetic Pulse Working Group (EMPWG). The EMPWG will address findings listed in the **EMP Task Force Strategic Recommendations** report to the NERC Board of Trustees that identifies reliability concerns associated with electromagnetic pulses (EMPs) and potential methods for promoting resilience. More details are available in the **EMPWG Scope** document.
To help address these issues, the EMPWG is seeking subject matter experts to help develop recommendations for industry that can be accomplished in an effective and timely manner. Participants with the knowledge and experience are needed for the teams described below to develop high-quality guidance that will be communicated to NERC and other key stakeholders. Additional information is available in the EMPWG Work Plan.

If you are interested in participating in EMPWG, please email Tom Hofstetter and indicate in your response which team(s) you would like to support and why, as well as a brief biography.

### EMPWG Teams

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<tr>
<th>Team Name</th>
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<td>Response and Recovery</td>
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### Regional Entity Events

#### Midwest Reliability Organization (MRO)
- **MRO CMEP Advisory Council Q1 Meeting**, February 9
- **MRO SAC Q1 Meeting**, February 10
- **Protective Relay Subgroup Q1 Meeting**, February 16
- **MRO RAC Q1 Meeting**, March 24
- **Organizational Group Oversight Committee**, March 24
- **MRO Board of Directors Meeting**, March 25

#### ReliabilityFirst (RF)
- **Technical Talk with RF**, February 22

#### SERC Reliability Corporation
- **Outreach Event - FAC-008 Webinar**, February 23

### Texas RE
- **Align Release 1 Training**, February 10
- **Align Release 1 Training**, February 24
- **Talk with Texas RE – Cyber Security Threats**, February 25
- **Talk with Texas RE – Event Analysis and Emerging Risks**, March 11
- **Talk with Texas RE – New Entity Self-Certifications**, March 18
- **Talk with Texas RE – Align: Go Live!** March 23
- **Talk with Texas RE – Three Practical Strategies for Improving Safety, Reliability, and Human Performance**, April 8

#### WECC
- **Special Webinar: Western Assessment for Resource Adequacy – Desert Southwest Subregion**, February 2
- **Special Webinar: Western Assessment for Resource Adequacy – California Mexico (CAMX) Subregion**, February 16
- **Special Webinar: Western Assessment for Resource Adequacy – Northwest Subregion**, March 2
- **Board of Directors and associated meetings (virtual)**, March 16–17

### Upcoming Events

For a full accounting of NERC events, such as meetings and conference calls for standard drafting teams, other standing committees, subcommittees, task forces, and working groups, please refer to the NERC calendar.

- **Board of Trustees Committees, Member Representatives Committee, Board of Trustees Meetings** – February 3–4 | [Register]
- **Personnel Certification Governance Committee Meeting** – February 8–10 | [Register] | [Agenda]
- **Standards Committee Meeting** – 1:00–3:00 p.m. Eastern, February 17 | [Register]
**Filings**

**NERC Filings to FERC in January**

*January 7, 2021*

[Petition for FAC-001-3 Errata](#) | NERC submits to FERC an errata for Reliability Standard FAC-001-3.

**NERC Canadian Filings to FERC in January**

*January 13, 2021*

[FAC-001-3 Errata](#)

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**Careers at NERC**

**Director, Corporate Compliance CRM and Ethics**
Location: Atlanta
[Details](#)

**Analyst, Bulk Power System Awareness**
Location: Atlanta
[Details](#)

**Bulk Power System Cyber Security Specialist**
Location: Atlanta
[Details](#)

**Manger, Bulk Power System Awareness**
Location: Washington, D.C.
[Details](#)

**E-ISAC Engagement and Outreach Coordinator**
Location: Washington, D.C.
[Details](#)

**E-ISAC Senior Cyber Threat Intelligence (CTI) Analyst**
Location: Washington, D.C.
[Details](#)