

Minutes Board of Trustees

May 9, 2019 | 8:30 a.m.–12:00 p.m. Central

Ritz-Carlton, St. Louis
100 Carondelet Plaza
St. Louis, MO 63105

Call to Order

Mr. Roy Thilly, Chair, called to order the duly noticed open meeting of the Board of Trustees (the “Board”) of the North American Electric Reliability Corporation (“NERC” or the “Corporation”) in St. Louis, Missouri on May 9, 2019, at 8:30 a.m. Central, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

Roy Thilly, Chair
Janice B. Case, Vice Chair
Kenneth W. DeFontes, Jr.
Frederick W. Gorbet
David Goulding
George S. Hawkins
Suzanne Keenan
Robin E. Manning
James B. Robb, President and Chief Executive Officer
Jan Schori
Colleen Sidford

NERC Staff

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Howard Gugel, Vice President and Director of Engineering and Standards
Scott Jones, Senior Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer
Mark G. Lauby, Senior Vice President and Chief Reliability Officer
Janet Sena, Senior Vice President and Director of Policy and External Affairs

NERC Antitrust Compliance Guidelines

Mr. Thilly noted the public nature of the meeting and directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the advance meeting materials. He stated that any additional questions regarding these guidelines should be directed to Mr. Berardesco.

Chair's Remarks

Mr. Thilly welcomed all of the attendees to the meeting, including Commissioner Bernard McNamee of the Federal Energy Regulatory Commission ("FERC"), Mr. Bruce Walker of the U.S. Department of Energy ("DOE"), and Mr. David Morton of CAMPUT. He noted that Mr. Clarke could not be present at the meeting. Mr. Thilly remarked on the Member Representatives Committee ("MRC") meeting the prior day and noted the excellent policy input provided by the MRC.

Mr. Thilly discussed the priorities of NERC's ongoing effectiveness and efficiency efforts, including identifying efficiencies in Compliance Monitoring and Enforcement Program ("CMEP") processes and ways to improve stakeholder committee structures while preserving avenues for valuable stakeholder input. He also noted that NERC is considering how it can improve the scheduling and structure of the Board and MRC meetings.

Consent Agenda

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

Minutes

The draft minutes for the February 7, 2019 meeting were approved as presented to the Board at this meeting.

Committee Membership and Charter Amendments

Critical Infrastructure Protection Committee Membership

RESOLVED, that the Board hereby approves the appointments of the following individuals to the Critical Infrastructure Protection Committee:

- John Greaves (Georgia Power), representing the SERC region; and
- Doug Currie (Hydro One), representing the Canadian Electricity Association.

Reliability Issues Steering Committee Membership

RESOLVED, that the Board hereby approves the appointment of Woody Rickerson (Electric Reliability Council of Texas) to the Reliability Issues Steering Committee to complete a term ending January 31, 2020.

Compliance and Certification Committee Membership

RESOLVED, that the Board hereby approves the appointments of the following individuals to the Compliance and Certification Committee ("CCC"), each for a three-year term effective upon the date of Board approval, as follows:

- Nicole Mosher (Nova Scotia Power), representing Regional Entity - Northeast Power Coordinating Council;

- Gregory Campoli (New York Independent System Operator), representing Independent System Operator/Regional Transmission Organization; and
- Jim Stanton (SOS International), representing Small End-Use Electricity Generator.

FURTHER RESOLVED, that the Board hereby approves the appointment of Ted Hobson (JEA), representing Regional Entity - Florida Reliability Coordinating Council, for a three-year term or until such time as FRCC no longer serves as a Regional Entity.

Planning Committee Membership

RESOLVED, that the Board hereby approves the appointment of the following individual to the Planning Committee, to complete a term ending August 2020:

- Richard Kowalski (ISO New England), representing Sector 10 - Independent System Operator/Regional Transmission Organization.

Standards Committee Charter Amendments

RESOLVED, that the Board hereby approves the amended Standards Committee (“SC”) charter, substantially in the form presented to the Board at this meeting, to replace the SC charter approved by the Board on February 15, 2015.

Regular Agenda

Remarks by Bernard McNamee, Commissioner, FERC

Mr. Robb introduced Commissioner McNamee of FERC. Commissioner McNamee stated that he looked forward to a long relationship with NERC in support of reliability. He summarized his background and discussed his philosophy that the people who do business at FERC should be confident that decisions are being made on the facts and the record.

Commissioner McNamee emphasized the importance of what NERC is doing for the reliability of the electric grid, a system that is fundamental to quality of life and life itself, and noted the need for FERC, DOE, NERC, and the Department of Homeland Security to continue to work together to address challenges. He stated that NERC is facing complicated issues, including the Reliability Coordinator transition in the western U.S., natural gas interdependency, and physical and cyber security. Commissioner McNamee noted that security threats are ongoing, constant, and require constant vigilance and new strategies. He highlighted some recent FERC efforts in the area of security and emphasized the need for government and NERC to work together to address threats. Commissioner McNamee also noted his support of the mission of the E-ISAC and the 2019 Grid Security Exercise (“GridEx”).

Remarks by Bruce Walker, Assistant Secretary, DOE

Mr. Thilly introduced Mr. Walker, Assistant Secretary, Office of Electricity, at DOE. Mr. Walker remarked that NERC and DOE continue to work together to address resilience and reliability, highlighting work on natural gas interdependency issues and security issues. He stated that DOE continues to analyze the CRISP

program and is looking to expand participation. Mr. Walker also highlighted a major DOE initiative to improve storage capabilities in support of defense critical infrastructure.

Remarks by David Morton, CAMPUT Representative to NERC

Mr. Thilly introduced Mr. Morton, noting the importance of having CAMPUT present at Board meetings and NERC's key strategic initiative to build relationships with Canada. Mr. Morton began his remarks by acknowledging Laura Hussey on her departure from NERC and wishing her well in her future endeavors. He discussed highlights from the recent CAMPUT meeting, including a session addressing grid harmonization from various North American perspectives. He noted that participants generally agreed that cybersecurity and distributed energy resources are major issues going forward. Mr. Morton also highlighted a session addressing utility hardening for fire and cold events.

President's Report

Mr. Robb noted that he recently marked his one year anniversary as president and CEO of NERC, and he thanked all for their support. He reported that Howard Gugel was recently appointed Vice President and Director of Engineering and Standards, and Mechelle Thomas was appointed Vice President and Chief Compliance Officer.

Mr. Robb stated that he identified four areas of focus a year ago, and those areas remain relevant today: (1) Reliability Coordinator issues in the West; (2) integration of new technologies; (3) the changing resource mix; and (4) cyber and physical security, including the E-ISAC. He provided an overview of certain key NERC work streams, including: (1) implementing the E-ISAC strategic plan; (2) focus on specific risk areas, including western Reliability Coordinator transition issues, supply chain risk management, electromagnetic pulse resilience, the natural gas/electric interface, and cloud services and the CIP standards; (3) ERO Enterprise effectiveness and efficiency efforts; and (4) the annual business plan and budget process.

Mr. Robb provided background on the development of a number of new approaches to alignment across the ERO Enterprise. He reported that a new ERO Enterprise Executive Committee was created, consisting of the NERC CEO, NERC Senior Vice Presidents, and Regional Entity CEOs. Mr. Robb also stated that ERO Enterprise leadership met in April 2019 to discuss how NERC and the Regional Entities can achieve alignment and improve its working relationships and collaboration. He explained that this group created a joint declaration in recognition of the "brilliance" of the ERO Enterprise model, which states that NERC and the Regional Entities are partners committed to collective success. Mr. Robb then highlighted the six primary elements of this declaration, which include:

- (1) a commitment to work together as one team and honor the NERC and Regional Entity roles;
- (2) a commitment to listen, actively support ERO Enterprise activities, and eliminate unnecessary duplication of work;
- (3) A commitment to collaborate in developing clear and consistent guidance;
- (4) A commitment to be an information, knowledge, and resource sharing enterprise;
- (5) A commitment to develop and share harmonized messages across communications; and
- (6) Supporting innovation and initiative and the sharing of best practices.

Ed Schwerdt, CEO of NPCC, thanked Mr. Robb for his leadership and noted that the Regional Entities are committed to the achieving the aims of the joint declaration. Noting that FERC had approved the dissolution of the FRCC Regional Entity, Mr. Schwerdt thanked Stacy Dochoda, president and CEO of FRCC, for her insights and contributions on behalf of the ERO Enterprise and wished her all the best.

Mr. Thilly reported that the Board is pleased with work of NERC and the Regional Entity leadership on its work in support of the collective success of the ERO Enterprise and added his thanks to Ms. Dochoda for her contributions over the years.

Report on May 7, 2019 Board of Trustees and Regional Board Officers Joint Meeting

Mr. Thilly reported that the NERC Board of Trustees met with the Regional Entity Board Officers in closed session on May 7, 2019 to discuss the vision and aspirations for the ERO Enterprise, ERO Enterprise efficiency and effectiveness and the Regional Entity role, and board independence principles.

Report on Board of Trustees May 7, 2019 Closed Session

Mr. Thilly reported that before the open meeting, as is its custom, the Board met in closed session with NERC management, and subsequently in executive session without NERC management, to review NERC management activities. In these sessions, the Board discussed confidential matters, including contract, personnel and security issues. The Board also discussed legal issues.

Board Committee Reports

Corporate Governance and Human Resources Committee

Mr. DeFontes, Committee Chair, reported that the Committee met in open session on May 8, 2019 to discuss the Board Committee self-assessment survey results, receive an update on the 2019 ERO Enterprise metrics, perform its annual review of trustee compensation, and receive an update on staffing and recruiting.

He also reported that the Committee met in closed session on April 24, 2019 to discuss topics including the Board Committee Self-Assessment results, benefits and compensation budget assumptions, trustee compensation, and the corporate governance aspects of the IRS Form 990.

Compliance Committee

Ms. Schori, Committee Chair, reported that the Committee met in executive session on March 20, 2019 and on May 7, 2019. She noted that, over the two meetings, the Committee approved three Notices of Penalty and followed up on pending cases. Ms. Schori reported that the Committee changed its meeting schedule to hold its open meetings in November and February, so as to allow the Committee to review annual performance and the upcoming year's plan; additional open sessions will be held as needed. She also reported that she has met with compliance staff at the Regional Entities.

Finance and Audit Committee

Mr. Thilly, as Acting Committee Chair, reported on the closed and open meetings of the Committee held on May 7, 2019 and May 8, 2019, respectively, to review the 2018 audit report and the first quarter 2019

unaudited results of operations. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby accepts the 2018 Audited Financial Statements, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee, hereby accepts the First Quarter 2019 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Results, as presented to the Board at this meeting.

Mr. Thilly reviewed the draft 2020 business plan and budget and thanked the MRC budget input group for its work to date. He highlighted the timeline for posting and approval and requested that stakeholders provide comments that are as specific as possible regarding any concerns.

Enterprise-wide Risk Committee

Mr. Goulding, Committee Chair, reported the Committee met in closed session on May 2, 2019. At its meeting, the Committee reviewed: (1) the status of the 2018 audit plan, which is mostly completed, and status of management responses; (2) the status of the 2019 audit plan; (3) 2019 risk management activities; and (4) CCC activities.

Technology and Security Committee

Ms. Keenan, Committee Chair, reported that the Committee met in open session on May 8, 2019 to discuss items including: (1) the Committee's work with the E-ISAC Member Executive Committee on the E-ISAC strategic plan, MEC feedback, and planned 2020 budget increases for headcount; (2) ERO technology efforts, including the Align CMEP technology project, the entity registration tool ("CORES"), and the situational awareness tool ("SAFNR"); and (3) the March 29, 2019 FERC/DOE technical conference on security investments for energy infrastructure.

Ms. Keenan reported that the Committee is planning to conduct a closed session in November to review NERC's corporate security posture, which will be a new area of focus for the Committee going forward.

Nominating Committee

Mr. Hawkins, Committee Chair, reported that the Committee met in closed session on March 8, 2019 to authorize the issuance of a request for proposals from search firms to conduct the 2019 trustee search. He also reported that the Committee met in closed session on May 8, 2019. In this meeting, the Committee: (1) unanimously re-nominated Mr. Thilly and Ms. Keenan for an additional term; (2) reviewed

proposals from search firms and appointed Lyceum to conduct the search for the new trustee; and (3) held a discussion with Lyceum's principal on the schedule and needs for the search.

Mr. Hawkins reported that the Committee is seeking stakeholder assistance in identifying potential Board candidates. He noted that a letter would be sent in mid-June with additional details on how to submit nominations and that nominations will be reviewed at the August meeting.

Report by Trustee Rob Manning on Standards Quarterly Activities

Mr. Manning reported on the recent Standards Committee conference calls and meetings, including actions taken by the Committee to authorize initial postings of Reliability Standards, Standard Authorization Requests, and appointment of drafting teams.

Policy Input and Member Representatives Committee Meeting

Mr. Thilly thanked the MRC for its policy input provided at the May 8, 2019 MRC meeting.

Standards

Mr. Gugel presented on several Reliability Standards-related projects. Mr. Manning asked Mr. Gugel why a Variance is proposed for the WECC region in Reliability Standard IRO-002-6, but no Variance is proposed for the Eastern Interconnection. Mr. Gugel explained that the proposed WECC Variance is necessary to successfully accomplish the transition to a multi-Reliability Coordinator environment in the West. He added that the need for such a Variance has not been identified in the Eastern Interconnection at this time, but NERC is continuing to examine the issue.

Mr. Manning also inquired as to whether there are any reliability concerns regarding the Standards Efficiency Review retirement proposals. Mr. Gugel explained that NERC has evaluated each of the proposals before the Board and supports them; he added that several of the initial retirement recommendations were not pursued through the development process due to reliability concerns. Mr. Gugel reported that NERC Staff has also considered concerns from FERC technical staff regarding the retirement of individual Requirements reflected in proposed Reliability Standards IRO-002-7, TOP-001-5, and VAR-001-6. Mr. Thilly asked if there was a concern that these proposals could create a gap in reliability. Mr. Gugel responded that NERC Staff is confident that there are no reliability gaps, as other Reliability Standard Requirements reach the same performance.

After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

Reliability Standard IRO-002-6 – Reliability Coordination – Monitoring and Analysis

RESOLVED, that the Board hereby adopts the proposed Reliability Standard IRO-002-6, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard IRO-002-5, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Standards Efficiency Review

Proposed Revised Reliability Standards (Retiring Individual Requirements in Existing Standards)

FAC-008-4 – Facility Ratings

RESOLVED, that the Board hereby adopts the proposed Reliability Standard FAC-008-4, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard FAC-008-3, as presented to the Board at this meeting.

INT-006-5 – Evaluation of Interchange Transactions

RESOLVED, that the Board hereby adopts the proposed Reliability Standard INT-006-5, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard INT-006-4, as presented to the Board at this meeting.

INT-009-3 – Implementation of Interchange

RESOLVED, that the Board hereby adopts the proposed Reliability Standard INT-009-3, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard INT-009-2.1, as presented to the Board at this meeting.

IRO-002-7 – Reliability Coordination – Monitoring and Analysis

RESOLVED, that the Board hereby adopts the proposed Reliability Standard IRO-002-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirements of Reliability Standards IRO-002-5 and IRO-002-6, as presented to the Board at this meeting.

PRC-004-6 – Protection System Misoperation Identification and Correction

RESOLVED, that the Board hereby adopts the proposed Reliability Standard PRC-004-6, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard PRC-004-5(i), as presented to the Board at this meeting.

TOP-001-5 – Transmission Operations

RESOLVED, that the Board hereby adopts the proposed Reliability Standard TOP-001-5, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard TOP-001-4, as presented to the Board at this meeting.

VAR-001-6 – Voltage and Reactive Control

RESOLVED, that the Board hereby adopts the proposed Reliability Standard VAR-001-6, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard VAR-001-5, as presented to the Board at this meeting.

Complete Reliability Standard Retirements

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of the following Reliability Standards, as presented to the Board at this meeting:

- Reliability Standard FAC-013-2 – Assessment of Transfer Capability for the Near-Term Transmission Planning Horizon
- Reliability Standard INT-004-3.1 – Dynamic Transfers
- Reliability Standard INT-010-2.1 – Interchange Initiation and Modification for Reliability
- Reliability Standard MOD-001-1a – Available Transmission System Capability
- Reliability Standard MOD-004-1 – Capacity Benefit Margin
- Reliability Standard MOD-008-1 – TRM Calculation Methodology
- Reliability Standard MOD-020-0 – Providing Interruptible Demands and DCLM Data
- Reliability Standard MOD-028-2 – Area Interchange Methodology
- Reliability Standard MOD-029-2a – Rated System Path Methodology
- Reliability Standard MOD-030-3 – Flowgate Methodology

Implementation Plan

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan for the proposed Reliability Standards and retirements, as presented to the Board at this meeting.

Withdrawal of Proposed Reliability Standard MOD-001-2

FURTHER RESOLVED, that the Board hereby withdraws proposed Reliability Standard MOD-001-2 – Available Transmission System Capability, which was adopted by the Board on February 6, 2014.

Authorization

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Reliability Standard CIP-003-8 – Cyber Security – Security Management Controls

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-003-8, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-003-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Supply Chain Report

Mr. Gugel presented the draft report titled *Cyber Security Supply Chain Risks: Staff Report and Recommended Actions* to the Board. He expressed his appreciation to the MRC for their policy input and discussion at the previous day's meeting. Mr. Gugel explained that NERC Staff would make certain revisions to the report in response to feedback, including clarifying that any recommended surveys would be conducted outside of mandatory CMEP processes.

Ms. Schori thanked Mr. Gugel, NERC Staff, and stakeholders for their work on the report. She noted that the Board will need to further consider whether low impact BES Cyber Systems should be included within the scope of the Supply Chain Standards based on the results of the NERC Rules of Procedure Section 1600 data request. Ms. Schori further noted the importance of addressing this issue in a timely manner. Mr. Gugel explained that NERC Staff will evaluate the potential options for expediting the process for requesting data under Section 1600 of the NERC Rules of Procedure and will make every effort to present the Board with additional information by the end of the year.

Mr. Thilly proposed that the Board accept the supply chain report substantially in the form presented, subject to NERC Staff making the changes described and any further clarifications in response to comments and sending the revised draft back to the Board for information. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby accepts the report, *Cyber Security Supply Chain Risks: Staff Report and Recommended Actions*, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Mr. Thilly noted the urgency of this issue and stated that he hopes the proposed Section 1600 data request will be presented to the Board in August.

Other Matters and Reports

ERO Five-Year Assessment

Mr. Berardesco presented the draft 2019 ERO Five-Year Assessment to the Board, explaining that NERC is required, under FERC's regulations, to submit a report every five years explaining how NERC continues to meet the criteria for certification as the ERO. He highlighted certain NERC initiatives and accomplishments from 2014-2018 that are featured in the report, and he noted that the report also evaluates Regional Entity performance during the assessment period. Mr. Berardesco recalled the Commission directives from the prior assessment that are addressed in the report.

He indicated that comments received from stakeholders were generally supportive, and that NERC is continuing to refine the report in response to stakeholder comments and FERC Staff feedback.

After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby approves the Five Year Performance Assessment, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Mr. Thilly remarked that NERC is reviewing how it can be more efficient and effective in the conduct of its surveys.

Reliability Coordinator Function in the Western Interconnection

David Godfrey, WECC Vice President of Reliability and Security Oversight, provided an update on the western Reliability Coordinator issues. He reviewed the current proposed Reliability Coordinator map and transition timelines, noting that CAISO began shadow operations on May 1, and reported on NERC and WECC's continuing engagement efforts. Mr. Godfrey thanked the NERC Board for approving the WECC Variance to the IRO-002 standard.

In response to a question from Mr. Thilly regarding the proposed Gridforce Reliability Coordinator areas, Mr. Godfrey clarified that the proposed Reliability Coordinator map reflects those applications that have been received and that these applications are still under review. Mr. Dodge asked whether generation-only Balancing Authorities will be reflected in the coordinated model, to which Mr. Godfrey replied that the model must reflect everything. Mr. Robb noted that the proposed map appears to create seams issues, particularly in Arizona. Mr. Godfrey responded that WECC is monitoring the issue and will help ensure that any seams agreements are being enforced.

Committee Reports

Representatives of the Standing Committees provided reports to the Board highlighting items from their written reports, which had been included with the advance meeting materials.

Operating Committee

Lloyd Linke, Committee Chair, referenced the written report and highlighted certain items, including: (1) the results of the Committee's review of its organization; (2) development of the 2019 Committee work plan; (3) work by the Operating Reliability Subcommittee on reliability plans; and (4) recent lessons learned on different topics.

Planning Committee

Brian Evans-Mongeon, Committee Chair, referenced the written report and highlighted the Committee's work on the 2019 Summer Reliability Assessment and State of Reliability report, inverter-based resource issues, and the electric/gas working group. He thanked former Committee member Todd Snitchler for his service to the Committee and wished him well in his future endeavors.

Critical Infrastructure Protection Committee

Marc Child, Committee Chair, referenced the written report and highlighted the Committee's work on supply chain risk management issues, security and cloud-based services, and the guideline on physical security controls during extreme events.

Member Representatives Committee

Greg Ford, Committee Chair, summarized the matters addressed at the May 8, 2019 MRC meeting, including: (1) the results of recent surveys; (2) policy input provided on the supply chain report; (3) an update on ERO Enterprise effectiveness and efficiency efforts; (4) an update on efforts to promote resilience to electromagnetic pulses; (5) an update on FERC matters; and (5) a preview of forthcoming reliability assessment reports.

Personnel Certification Governance Committee

Michael Anderson, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. He highlighted the results of recent surveys and comments received on the one credential white paper and thanked Mechelle Thomas for her support.

Standards Committee

Amy Casuscelli, Committee Vice Chair, referenced the quarterly report included in the advance agenda package and summarized recent Committee activities, including: (1) two special elections; (2) revisions to the Committee charter; and (3) and postings for standards projects, including revisions to the PRC-024 standard to address inverter based resources and a Standard Authorization Request seeking to modify the CIP standards to address cloud services. She thanked Mr. Manning for his participation in Committee matters.

Reliability Issues Steering Committee

Nelson Peeler, Committee Chair, provided an update on the activities of the Committee, referencing the written report. He highlighted the March 2019 Reliability Leadership Summit in Washington, DC and

noted that work is underway to prepare the ERO Reliability Risk Priorities Report. Mr. Peeler noted that the report will identify a new risk related to the independency of critical infrastructure.

Compliance and Certification Committee

Jennifer Flandermeyer, Committee Chair, referred to the written report included in the advance agenda package, highlighting the Committee's work on the 2018 report on the ERO stakeholder survey and efforts to improve the Committee's effectiveness and efficiency. She reported that further information will be presented in August.

Electricity Subsector Coordinating Council

Mr. Robb reported that the ESCC met in March 2019 to discuss the Center for Advanced Technology in Telecommunications and Distributed Information Systems ("CATT") 2.0 initiative, including integrating different sectors and discussing how industry can be more involved in shaping the proposal. He also reported that the ESCC conducted a joint meeting with the U.S. DOE, Department of Homeland Security, and Department of Defense to discuss the speed at which information can be declassified. Mr. Robb further noted the issuance of an all-points bulletin on certain Chinese telecommunications providers and that more information on the presence of these providers may be sought in the supply chain Section 1600 data request.

Forum and Group Reports

North American Energy Standards Board (NAESB)

Jonathan Booe, NAESB Executive Vice President and Chief Administrative Officer, referenced the written report and noted that NERC and NAESB continue to collaborate on items of mutual interest. He reported that NAESB received two standard requests from NERC to evaluate whether any NAESB action should be taken in light of the NERC Board action on the proposed Standards Efficiency Review retirements and that these requests will be routed through the usual NAESB process. Mr. Booe also reported that NAESB will be participating in efforts to develop third-party accreditation processes for supply chain risk management.

North American Transmission Forum

Tom Galloway, Forum Chief Executive Officer, referenced the written report and highlighted certain items, including the Forum's work on supply chain issues and recent meetings and workshops.

North American Generator Forum

Mr. Shriver, Forum Chief Operating Officer, referenced the written report and added that the NAGF is looking to add the merchant gas perspective on reliability issues.

At the conclusion of the reports, Ms. Case thanked the Committees and Forums for their excellent reports.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Corporate Secretary

Agenda

Board of Trustees

May 9, 2019 | 8:30-11:30 a.m. Central

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

The Ritz-Carlton, St. Louis
100 Carondelet Plaza
St. Louis, MO 63105

Conference Room: Ritz-Carlton Ballroom (Lobby Level)

Call to Order

NERC Antitrust Compliance Guidelines

Introductions and Chair's Remarks

Consent Agenda – Approve

1. Minutes*

- a. February 7, 2019

2. Committee Membership and Charter Amendments*

- a. Critical Infrastructure Protection Committee Membership
- b. Reliability Issues Steering Committee Membership
- c. Compliance and Certification Committee Membership
- d. Planning Committee Membership
- e. Standing Committee Charter Amendments

Regular Agenda

3. Remarks and Reports

- a. Remarks by Bernard McNamee, Commissioner, FERC
- b. Remarks by Bruce Walker, Assistant Secretary, DOE
- c. Remarks by David Morton, CAMPUT Representative to NERC
- d. President's Report
- e. Report on May 7, 2019 Board of Trustees and Regional Board Officers Joint Meeting
- f. Report on Board of Trustees May 7, 2019 Closed Session

4. Board Committee Reports

- a. Corporate Governance and Human Resources

- b. Compliance
 - c. Finance and Audit
 - i. 2018 Financial Statement Audit Results – **Accept**
 - ii. 1st Quarter 2019 Unaudited Results of Operations – **Accept**
 - d. Enterprise-wide Risk
 - e. Technology and Security
 - f. Nominating
 - g. Report by Trustee Rob Manning on Standards Quarterly Activities
 - h. Policy Input and Member Representatives Committee Meeting
- 5. Standards Quarterly Report and Actions***
- a. Reliability Standard IRO-002-6 – Reliability Coordination – Monitoring and Analysis – **Adopt**
 - b. Standards Efficiency Review – **Adopt**
 - c. CIP-003-8 Cyber Security – Security Management Controls – **Adopt**
 - d. Supply Chain Report – **Accept**
- 6. Other Matters and Reports***
- a. ERO Five-Year Assessment* – **Approve**
 - b. Reliability Coordinator Function in the Western Interconnection* – **Update**
- 7. Committee Reports***
- a. Operating Committee
 - b. Planning Committee
 - c. Critical Infrastructure Protection Committee
 - d. Member Representatives Committee
 - e. Personnel Certification Governance Committee
 - f. Standards Committee
 - g. Reliability Issues Steering Committee
 - h. Compliance and Certification Committee
 - i. Electricity Subsector Coordinating Council
- 8. Forum and Group Reports***
- a. North American Energy Standards Board
 - b. North American Transmission Forum
 - c. North American Generator Forum

9. Adjournment

*Background materials included.