

## Minutes Board of Trustees

December 12, 2023 | 11:00 a.m.–12:00 p.m. Eastern  
Hybrid Meeting

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

### Call to Order

Mr. Kenneth W. DeFontes, Jr., 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) on December 12, 2023, at 11:00 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

### Board Members

Kenneth W. DeFontes, Jr., Chair  
George S. Hawkins, Vice Chair  
Jane Allen  
Robert G. Clarke  
Larry Irving  
Suzanne Keenan  
Susan Kelly  
Robin E. Manning  
Jim Piro  
James B. Robb, President and Chief Executive Officer  
Kristine Schmidt  
Colleen Sidford

### NERC Staff

Tina Buzzard, Assistant Corporate Secretary  
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC  
Erika Chanzas, Manager of Business Planning  
Stephen Coterillo, Engineer-II, Reliability Assessment  
Howard Gugel, Vice President, Compliance Assurance and Registration  
Kelly Hanson, Senior Vice President and Chief Administrative Officer  
Stan Hoptroff, Vice President, Business Technology  
Soo Jin Kim, Vice President, Engineering and Standards  
Mark G. Lauby, Senior Vice President and Chief Engineer  
Kimberly Mielcarek, Vice President, Communications  
Darrell Moore, Director, Situation Awareness and Personnel Certification/Credential Maintenance  
John Moura, Director, Reliability Assessment and Performance Analysis  
Mark Olson, Manager, Reliability Assessment  
Lauren Perotti, Assistant General Counsel

Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary  
Liz Saunders, Vice President, People and Culture  
Janet Sena, Senior Vice President, External Affairs  
Andy Sharp, Vice President and Chief Financial Officer

### **NERC Antitrust Compliance Guidelines**

Ms. Buzzard 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.

### **Introduction and Chair's Remarks**

Mr. DeFontes welcomed all of the attendees to the meeting and noted the full agenda.

### **Consent Agenda**

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

#### **Minutes**

The draft minutes for the October 23, 2023 and August 17, 2023 meetings were approved as presented to the Board at this meeting.

#### **Committee Membership**

#### **Compliance and Certification Committee Membership**

**RESOLVED**, that the Board hereby appoints the following individuals to the Compliance and Certification Committee, each for a three-year term from January 1, 2024 through December 31, 2026:

- Erin McClatchey, Avista Corporation, representing Investor-Owned Utility
- Scott Tomashefsky, Northern California Power Authority, representing State/Municipal
- Patricia Robertson, British Columbia Hydro, representing Federal/Provincial Utility/Federal Power Marketing Administration
- Ajay Garg, Hydro One, representing Federal/Provincial Utility/Federal Power Marketing Administration
- Mark E. Buchholz, Western Area Power Administration, representing Federal/Provincial Utility/Federal Power Marketing Administration
- Patti Metro, National Rural Electric Cooperative Association, representing Transmission Dependent Utility
- Jodirah (Jody) Green, ACES Power, representing Electricity Marketer
- Erin Cullum Marcussen, Southwest Power Pool, Inc., representing ISO/RTO
- Zachary Heidemann, Michigan Public Service Commission, representing U.S. State
- Ellen Watkins, Sunflower Electric Power Corporation, Member At large
- Tim Self, Southern Company, Member At Large
- Mahmood Safi, Vistra Corp., Member At Large
- Rob Robertson, Leeward Renewable Energy, Member At Large

- Mark Diggs, American Electric Power (AEP), Member At Large
- Derek Olmstead, Market Surveillance Administrator (Alberta), Canadian Provincial
- Claudia Astudillo, Canada Energy Regulator (CER), Canadian Federal

**FURTHER RESOLVED**, that the Board hereby appoints the following individuals as officers of the Compliance and Certification Committee, each for a two-year term from January 1, 2024 through December 31, 2025:

- Chair: Scott Tomashefsky, Northern California Power Authority
- Vice Chair: Silvia Parada Mitchell, NextEra Energy Resources, LLC

### **Personnel Certification Governance Committee Membership**

**RESOLVED**, that the Board hereby appoints the following individuals to the Personnel Certification Governance Committee, each for a two-year term from January 1, 2024 through December 31, 2025:

- Michael Hoke, PJM
- Michael Sandidge, PEI
- Dan Morse, FRCC

### **Standards Committee Membership**

**RESOLVED**, that the Board hereby appoints the following individuals as officers of the Standards Committee, each for a two-year term from January 1, 2024 through December 31, 2025:

- Chair: Todd Bennett, Associated Electric Cooperative, Inc. (formerly of Segment 3)
- Vice Chair: Troy Brumfield, American Transmission Company (formerly of Segment 1)

## **Regular Agenda**

### **Working Capital and Reserves Policy**

Mr. Sharp presented the proposed revised Working Capital and Reserves Policy, which was included in the advance agenda materials. He explained that many of the proposed changes to NERC's policy were prompted by the recent Federal Energy Regulatory Commission ("FERC") order approving modifications to Section II.7(b)(ii) of the Settlement Agreement between the FERC Office of Enforcement and NERC related to the FERC Office of Enforcement's findings and recommendations arising out of its 2012 performance audit of NERC. Mr. DeFontes noted that Ms. Kelly recommended two further changes to the proposed revised policy following Finance and Audit Committee approval which are reflected in the advance agenda materials. After discussion, and motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board, upon recommendation of the Finance and Audit Committee, hereby approves the revised Working Capital and Reserves Policy, substantially in the form presented to the Board at this meeting.

### **Project 2021-07, Extreme Cold Weather Grid Operations, Preparedness, and Coordination Update**

Mr. DeFontes added this item to the agenda to provide remarks on the development of revisions to the EOP-012 Reliability Standard to address directives from FERC in its February 2023 order approving Reliability Standard EOP-012-1 and EOP-011-3. Mr. DeFontes reported that the most recent ballot of the revised EOP-012-2 standard failed to meet with industry approval, and as a result, NERC is now in danger of not meeting FERC's February 2024 deadline for a revised standard.

In his remarks, Mr. DeFontes noted that staff is seeking further procedural waivers from the Standards Committee to complete one more ballot in January; however, if usual stakeholder process fails to produce a responsive standard in a timely way, the Board will have no choice but to invoke its special rule to address regulatory directives, Rule 321 of the NERC Rules of Procedure, for NERC to meet its regulatory obligation. He recalled that this special rule has been in place for many years to address a situation where NERC's usual stakeholder process fails to produce a standard addressing a regulatory directive. Mr. DeFontes called on NERC staff to tentatively schedule a special call of the Board to invoke this special rule, to take place after any requested procedural waivers are not granted or following a January failed ballot, so the Board may take action promptly once it is clear that Board action is necessary.

Mr. DeFontes thanked NERC's stakeholders for their participation in this important effort to date, and he stated that the Board hopes NERC's stakeholders will rise to the occasion once again and produce a responsive standard through the usual stakeholder process. Ms. Kelly and Mr. Hawkins added supportive comments.

#### **WECC Regional Reliability Standard VAR-501-WECC-4**

Ms. Kim presented proposed regional Reliability Standard VAR-501-WECC-4 – Power System Stabilizer, explaining that the WECC developed the proposed regional standard following a periodic review and proposes only non-substantive changes to the currently effective regional standard. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed regional Reliability Standard VAR-501-WECC-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 regional Reliability Standard, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the effective date for the proposed regional Reliability Standard, as presented to the Board at this meeting.

**FURTHER RESOLVED**, that the Board hereby approves the proposed retirement of regional Reliability Standard VAR-501-WECC-3.1, 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.

#### **Project 2020-04 Modifications to CIP-012**

Ms. Kim presented proposed Reliability Standard CIP-012-2, highlighting that the proposed standard addresses a FERC directive from Order No. 866 to require responsible entities to develop one or more plans to implement protections for the availability of communication links and data communicated between Bulk Electric System Control Centers. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby adopts the proposed Reliability Standard CIP-012-2, 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 associated implementation plan 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-012-1, 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.

### **2024-2026 Reliability Standards Development Plan**

Ms. Kim presented the 2024-2026 Reliability Standards Development Plan, noting that NERC is required to prepare such a plan under Section 310 of the NERC Rules of Procedure. She highlighted that certain changes were made following the issuance of Order No. 901 to update project prioritization consistent with that order. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

**RESOLVED**, that the Board hereby approves the 2024-2026 Reliability Standards Development Plan, substantially in the form presented to the Board at this meeting, subject to the addition of any new Standard Authorization Requests or directives that are received prior to submission to the ERO governmental authorities.

**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.

### **2024 NERC Work Plan Priorities**

Ms. Hanson presented the proposed 2024 NERC work plan priorities, highlighting how these priorities are developed based on the work of NERC's stakeholder committees and processes. She noted that the 2024 work plan priorities are NERC's goalpost for executing Year 2 of the 2023-2025 Plan to address four strategic areas of focus: energy, security, agility, and sustainability.

The Board discussed the proposed 2024 work plan priorities. After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

**RESOLVED**, that the Board hereby approves the 2024 ERO Enterprise Work Plan Priorities, substantially in the form presented to the Board at this meeting.

### **2023-2024 Winter Reliability Assessment Overview**

Mr. Moura introduced the 2023-2024 Winter Reliability Assessment ("WRA"), noting the increasing importance of addressing electric/natural gas interdependencies. Mr. Cotterillo presented the key findings. He reported that a large portion of North America remains at risk of insufficient electricity supplies during peak winter conditions and, while industry cold weather preparations are on a positive trend, generators and fuel supplies in warmer zones are still likely to experience performance issues in freezing temperatures. Mr. Cotterillo then presented the key recommendations, including: (i) for entities to implement the essential actions from NERC's May 2023 Level 3 Alert, implement fuel surveys and monitor adequacy of fuel supply, and take steps to account for reserve shortfalls; and (ii) for regulators to support public appeals for reduced consumption and consider regulatory waivers when needed to help support reliability.

The Board discussed the 2023-2024 WRA, including how this report underscores the need for strong Reliability Standards to address cold weather preparedness and operations. Mr. Robb noted that, while the report provides recommendations that can be implemented quickly, the longer term solutions will be structural in nature.

### **2023 Long-Term Reliability Assessment Overview**

Mr. Moura introduced the 2023 Long-Term Reliability Assessment (“LTRA”), noting the importance of transmission to the long-term reliability of the grid. Mr. Olson provided a summary of the report and highlighted the key findings, including a continuing trend of demand growth outpacing resources and that a growing number of areas face capacity and energy risks in the next ten years. He noted that a positive trend in transmission development supports a reliable resource mix transition, and that ERO reliability assessments should evolve to evaluate transfer capability and benefits to reliability. Mr. Olson reviewed emerging issues discussed in the LTRA and recommendations for future action, including managing resources, expanding the transmission network, adapting markets and processes for a more complex power system, and strengthening relationships among reliability stakeholders. He noted that the LTRA includes a discussion of work that is underway to address identified issues. The Board discussed the 2023 LTRA, including NERC’s plan for communicating the identified risks and issues to stakeholders.

### **NERC Alert Level 3 – Essential Actions to Industry**

Mr. Moore provided an update on the results of the NERC Level 3 Alert Essential Actions to Industry regarding winterization practices issued in May 2023, which were recently published in an anonymized public report. He reported that the responses indicate freezing conditions remain a reliability issue for generators. Mr. Moore also reported that, according to the responses, the vast majority of generator owners have calculated or will expect to calculate their Extreme Cold Weather Temperature for all of their owned capacity, and that the majority of those generator owners expect that all or nearly all of their capacity will be capable of operating at that temperature. He noted areas for further investigation, including understanding wind farm issues and why some entities have not developed updated operating plans prior to this winter. Mr. Moore also discussed ongoing efforts to improve reliability in cold weather conditions.

### **Other Matters and Adjournment**

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

Submitted by,



Sônia Rocha  
Corporate Secretary