

Agenda

Member Representatives Committee Informational Session

January 24, 2024 | 1:00 p.m. – 2:30 p.m. Eastern

Attendee WebEx: [Click to Register and Join](#)

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Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. Electricity Regulatory Framework in Canada*
2. Schedule and Preliminary Agenda Topics for the February 2024 Board, Board Committees, Technical Session, and MRC Meetings*
 - a. Overview of Board Request for MRC Input
 - i. Promoting Greater Industry Engagement, Alignment, and Accountability

*Background materials included.

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.

Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Electricity Regulatory Framework in Canada

Action

Information

Summary

The international mission of the ERO recognizes that the interconnected BPS in North America is an international grid, spanning ten sovereign jurisdictions in three countries. As this grid continues to evolve in response to policy mandates in each of these jurisdictions, advances in technology, and other drivers, it is essential that the regulatory frameworks for reliability and security are compatible and consistent across jurisdictional boundaries to provide clarity and certainty for BPS users, owners, and operators and to prevent a recurrence of the international blackouts that led to the creation of an international ERO.

NERC's role in Canada is similar to its role in the United States. While the process for approving NERC Reliability Standards varies in the different Canadian jurisdictions, standards—in some cases modified to reflect the jurisdictions' reliability regimes—are mandatory and enforceable in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia. Enforcement programs vary among the provinces, with provincial regulators having ultimate authority for monitoring and enforcing compliance in most provinces.

Authority over electricity generation and transmission in Canada rests primarily with provincial governments. Not all jurisdictions have the necessary legal structures to name an Electric Reliability Organization (ERO). However, all have recognized NERC as an electric reliability standards-setting organization and have committed to supporting NERC in its standards setting and oversight role as the North American ERO. NERC has memorandums of understanding with British Columbia, Alberta, Canada Energy Regulator, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, and Nova Scotia, who work with NERC to enhance North American bulk power system reliability.

During the January 24, 2024, MRC informational session, CAMPUT representatives Derek Olmstead (MRC Non-Voting Member and Administrator and Chief Executive Officer at Alberta's Market Surveillance Administrator) and Kristine Bienert (Executive Director, Energy Supply, Compliance, and Mandatory Reliability Standards at British Columbia Utilities Commission) will provide an overview of the electricity regulatory framework in Canada, including Reliability Standards in Canada and Canadian participation and relationships with NERC and the Regional Entities.

Electricity Regulatory Framework in Canada

January 24, 2024



Overview

- Background to Canadian Reliability Standards
- North American Electric Reliability Corporation (NERC)

Background of Electricity Regulation in Canada





Yukon

★ Whitehorse

Northwest Territories

★ Yellowknife

Nunavut

★ Iqaluit

Labrador Sea

CANADA

Hudson Bay

British Columbia

Alberta

★ Edmonton

Manitoba

Saskatchewan

● Calgary

● Saskatoon

★ Regina

★ Winnipeg

Ontario

● Thunder Bay

Quebec

★ Québec

● Montréal

● Ottawa

● Toronto

New Foundland and Labrador

★ St. John's

Pr. Edward I.

★ Charlottetown

★ Fredericton

★ Halifax

Nova Scotia

New Brunswick

Atlantic Ocean

Vancouver
Victoria

UNITED STATES

Energy Regulation in Canada



- Electricity is under provincial jurisdiction, and therefore under the regulatory responsibility of those regulators.
- No equivalent to FERC in Canada.



Background on Provincial Regulators

- Each province/territory has an energy/utility regulatory board or commission.
- All are appointed (i.e. none are elected).
- Some terms are short (2 years, or in individual cases 6 months), some are until age 70, and some are in between (5 -7 years).
- Staff complement ranges from 0 full-time staff to around 500.
- Commissions have broad responsibilities.

Federal Government in Electricity

- Natural Resources Canada (NRCAN)
- Canada Energy Regulator (CER):
 - Jurisdiction over:
 - Construction and operation of inter-provincial, international electricity transmission lines;
 - offshore renewable energy projects and offshore power lines in future.
 - Applications for electricity export.
 - Conduct environmental assessments.



Canada/US International Power Lines

- 25 crossing points
- 7 Canadian provinces
- 13 States (incl. Alaska)

Pacific Ocean

Océano Pacífico

Océan Pacifique

Sources:

- Natural Resources Canada
- Canada Energy Regulator

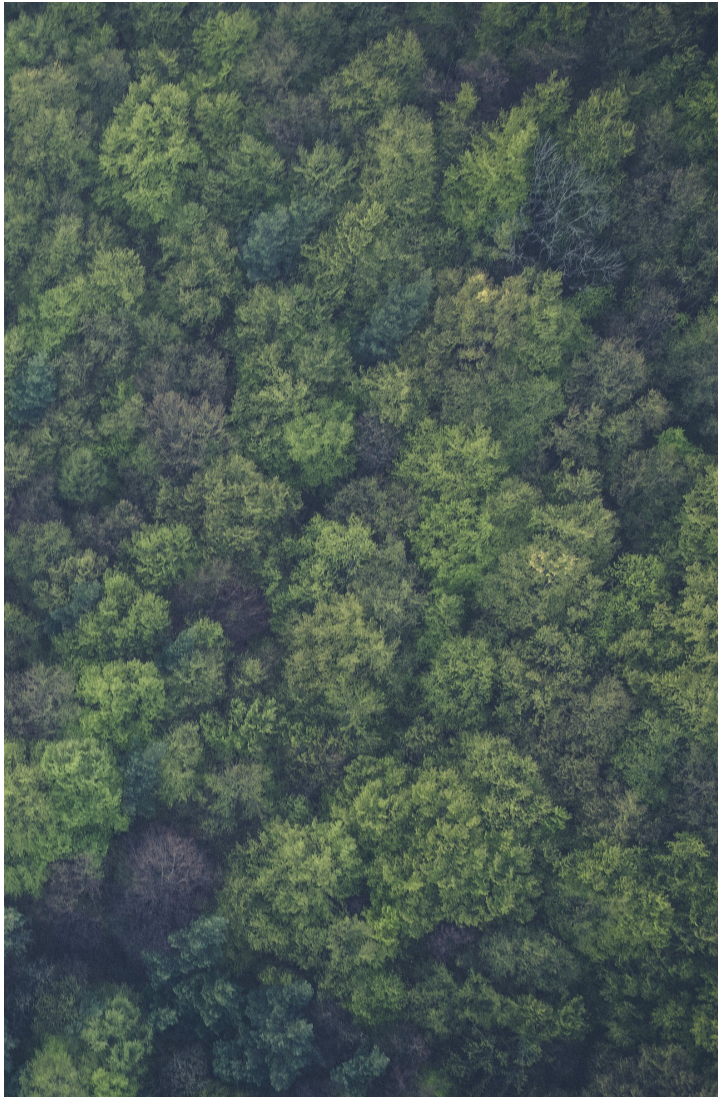


Background of Reliability Standards in Canada



Canadian Participation in NERC

- Canadian Provincial and Federal Governments entered a letter of agreement with NERC.
- Provincial Governments have responsibility for adopting Reliability Standard as well as Monitoring and Enforcing these standards.
- In some provinces this responsibility is delegated to a provincial Energy Regulator.
- Certain Provinces have delegated certain responsibilities to Independent operators and Market Surveillance organizations.
- Practices vary by Province.



Canadian Reliability Landscape

- Each Province connected to Bulk Electric system decides how to participate
- Multiple Legislative Frameworks for Reliability exist
- Regulators also play varied roles in Program Administration
- Canadian regulators participate in CAMPUT











Continued Government Involvement in Reliability

- The Federal, Provincial, and Territorial working group (FPT)
- FPT Monitoring and Enforcement Sub-group (MESG)
- NRCAN

NERC and NERC Regional Entities in Canada

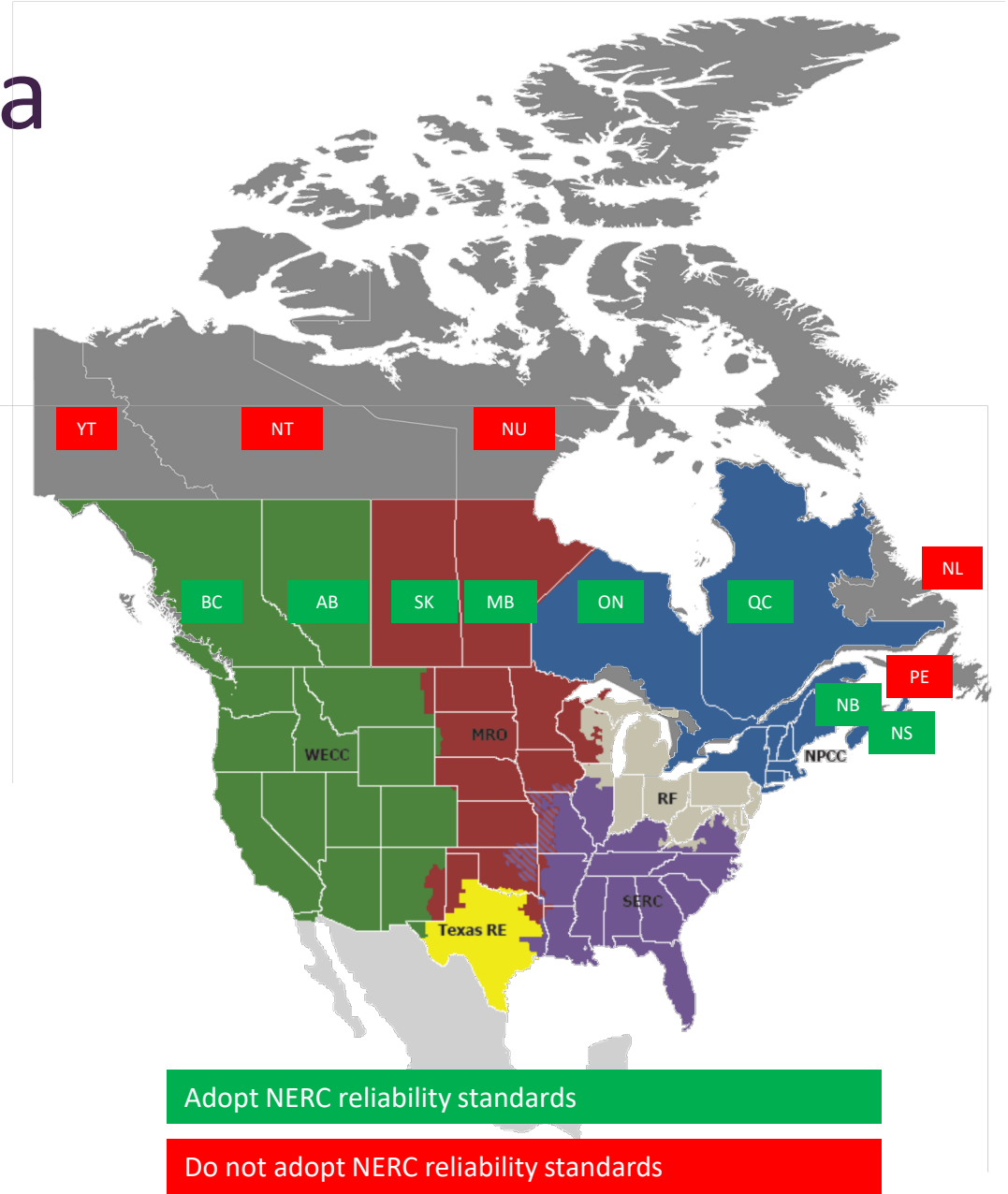


NERC Regions and Canada

NERC NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION		MOUs
	MOU Parties	Year Signed
 BC	NERC+WECC+BC Utilities Commission	2018
 AB	NERC+WECC+AESO; WECC+MSA	2010
 SK	NERC+MRO+SaskPower	2015
 MB	NERC+MRO+MB Government; NERC+MRO+Manitoba Hydro	2012 2018
 ON	NERC+NPCC+IESO; NERC+OEB	2010 2006
 QC	NERC+NPCC+Régie	2009, 2014
 NS	NERC+NSUARB; NERC+NPCC+NS Power	2006, 2010
 NB	NERC+NPCC+NB Energy and Utilities Board	2016
NEB/CER	NERC+NEB	2007

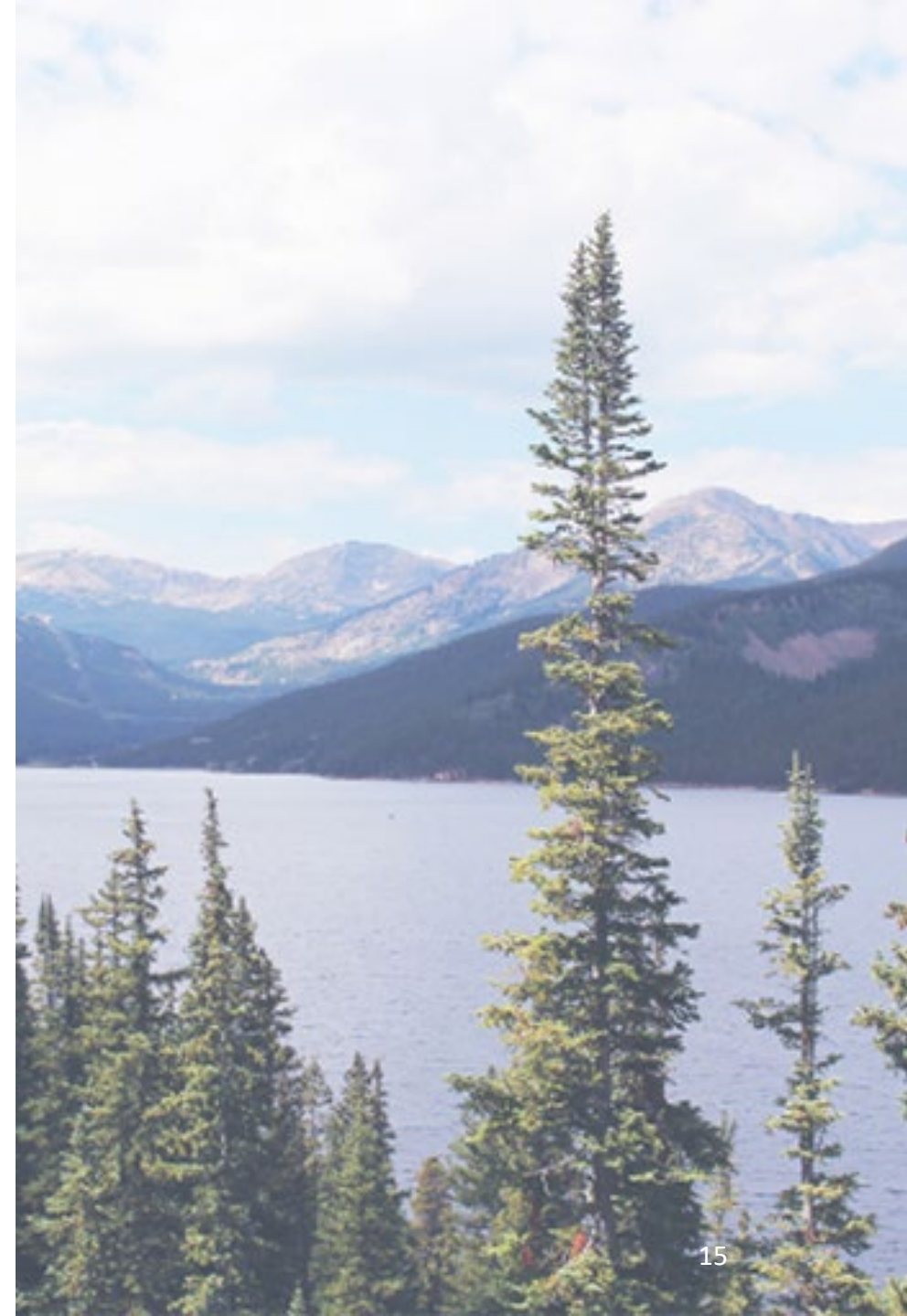
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RELIABILITY | RESILIENCE | SECURITY



NERC Regional Entities Support Regulators

- NERC Regional Entities have an **Administration Agreement** in place with many Provinces to provide Compliance and Enforcement Support to regulators or Government.
- NERC Regional entities act as an agent and have no independent authority in Canada.





Example of How Reliability Works – British Columbia Utilities Commission

- BC Government had delegated authority to the BCUC
- Approved reliability standards as part of the Mandatory Reliability Standards (MRS) Program.
- Adopts NERC or Western Electricity Coordinating Council (WECC) reliability standards unless determined after a hearing that they are not in the public interest.
- Can adopt, hold in abeyance or reject a standard, but not alter it.
- Responsible for entity registration, monitoring and enforcing compliance.
- WECC:
 - BCUC engaged WECC as the Administrator for the MRS Program to assist in carrying out the registration of parties and compliance monitoring.

Example of How Reliability Works – Ontario Energy Board

- Government Authority for Ontario as defined by NERC.
- Unless OEB stays operation of a NERC reliability standard or remands back to NERC, a reliability standard becomes effective when in force in the US.
- Can fine entities for contravening license provisions.
- Independent Electricity System Operator (IESO):
 - Actively involved in development of NERC Northeast Power Coordinating Council (NPCC) standards and criteria.
 - Enforces NERC reliability standards and NPCC criteria through the Market Rules.
 - Can establish and enforce more stringent standards and criteria related to reliability of the Ontario grid (Market Rules)





Example of How Reliability Works – Alberta Utilities Commission

- Adopts standards on recommendation from the Alberta Electric System Operator (AESO)
- the AESO, reviews NERC and WECC standards to assess and recommend to the AUC whether or not those standards are applicable to Alberta. Standards can be modified for adoption.
- The Market Surveillance Administrator (MSA) is established under the Alberta Utilities Commission Act to surveil, investigation, and enforcement in respect of the Alberta electricity markets.
- The AESO has a mandate to conduct compliance monitoring of market participants and identify suspected contraventions and refers these to the MSA.
- WECC has an administration agreement with the MSA.

NERC Governance and Oversight

- Canadian Regulators do not generally make orders and directives on NERC administration.
- In the US FERC is heavily involved in the oversight of NERC; FERC orders have no legal authority in Canada.
- Canadian Provincial Regulators are responsible for most Electricity regulation in Canada.
- Canadian Reliability work focus on adoption and compliance of reliability standards.

Questions and Wrap-up

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Schedule and Preliminary Agenda Topics for the February 2024 Board, Board Committees, Technical Session, and MRC Meetings

RELIABILITY | RESILIENCE | SECURITY



Wednesday, February 14, 2024	
7:45 – 8:15 a.m.	Finance and Audit Committee Meeting — <u>Open</u>
8:30 – 9:30 a.m.	Regulatory Oversight Committee Meeting — <u>Open</u>
9:45 a.m. – 10:45 a.m.	Technology and Security Committee Meeting — <u>Open</u>
11:00 a.m. – 11:30 p.m.	Corporate Governance and Human Resources Committee Meeting — <u>Open</u>
12:30 – 3:00 p.m.	Technical Session — <u>Open</u>
3:30 – 5:30 p.m.	Member Representatives Committee Meeting — <u>Open</u>
Thursday, February 15, 2024	
8:30 a.m. – 11:30 a.m.	Board of Trustees Meeting— <u>Open</u>

**All meeting times are in Central Time Zone*

- Review 2023 Year-End Unaudited Summary of Results
 - NERC 2023 Unaudited Year-End Report
 - ERO Enterprise Combined 2023 Unaudited Year-End Report
 - Regional Entity 2023 Unaudited Year-End Reports
- Update on 2025 Business Plan and Budget Schedule

- Standards Indicators
 - Posting Trends for High Priority Standards Projects
 - Standards Actions of Note (January/February)
 - Directives Update
- Compliance Monitoring and Enforcement Program Implementation Plan
- Compliance Monitoring and Enforcement Program and Organization Registration and Certification Program Annual Report

- ERO Enterprise Business Technology Strategic Plan
- ERO Enterprise Stakeholder Engagement
- Threat Landscape
- E-ISAC and Customer Experience and Stakeholder Engagement
- GridEx VII Recommendations Review

- Approve Board Committee and Board of Trustees Annual Evaluations and Committee Mandate Process
- Review Annual Conflict of Interest and Independence Report
- Approve Standards Committee Charter Proposed Amendments
- Approve Reliability and Security Technical Committee Charter Proposed Amendments
- Update on People and Culture

- Gas-Electric Coordination Panel
- Cloud Computing Panel
- Interregional Transfer Capability Study Update
- Bulk Power System Awareness Update

- Election of NERC Trustees
- MRC Governance Guidelines Annual Review
- General Updates and Reports
 - Business Plan and Budget Input Group Update
 - Update on FERC Activities
- Responses to the Board's Request for Input
 - Promoting Greater Industry Engagement, Alignment, and Accountability
- Additional Discussion on First Quarter Open Meetings
 - Board Committee Meetings (February 14)
 - Technical Session (February 14)
 - Board Meeting (February 15)
- Adopt MRC Effectiveness Recommendations

- Committee Membership and Charter Amendments
- Governance Documents Amendments
- Report on the February 13 and 15, 2024, Closed Meetings
- Approve Election and Appointment of Board Chair and Vice Chair, Board Committee Assignments, and NERC Officers
- Board Committee Reports
 - Accept 2023 Year-End Unaudited Summary of Results
- Semi-Annual Committee, Group, and Forum Reports to the Board
 - Approve 2024 Personnel Certification Governance Committee Work Plan
 - Approve 2024-2026 Standards Committee Strategic Work Plan
 - Approve 2024 Compliance and Certification Committee Work Plan
 - Approve 2024 Reliability and Security Technical Committee Strategic Plan

- Standards Quarterly Report and Actions
 - Adopt Project 2022-01 Reporting ACE Definition and Associated Terms
 - Cold Weather Standards Placeholder for Potential Adoption/Update
- Approve Proposed Revisions to the Rules of Procedure to Address Unregistered IBRs
- Year-End Review of the Achievements of the 2023 NERC Work Plan Priorities