

Announcement

Board Focuses on Enhanced Stakeholder Engagement, Bids Farewell to Roy Thilly; Launches Technical Session

February 16, 2023

TUCSON, Ariz. – Enhanced stakeholder engagement and meaningful technical discussions were key features of the first Board of Trustees meeting of 2023. Attendees also bid farewell to a long-time Board member and welcomed a new trustee. Specific actions included the adoption of several standards, a year-end review of 2022 work plan priorities and an update on standards process improvement activities.

The first order of business was the election of Board chair and vice chair, the appointment of new committee assignments and the approval of the NERC officer slate. The Board also celebrated retiring Board member Roy Thilly by recognizing his years of service, including serving as chair from 2017–2021.

“Roy’s broad experience and deep historical perspective proved invaluable in positioning NERC and the ERO Enterprise to better address current and future challenges,” said Ken DeFontes, Board of Trustees chair. “His many contributions included insight and advice for impactful reliability assessments, steady guidance through leadership change and help aligning NERC with the complex challenges of unprecedented industry change. While the Board will miss Roy’s expertise, we celebrate his service to NERC and his well-earned retirement.”

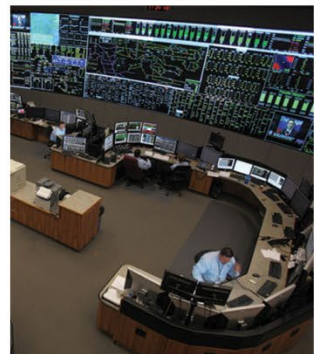
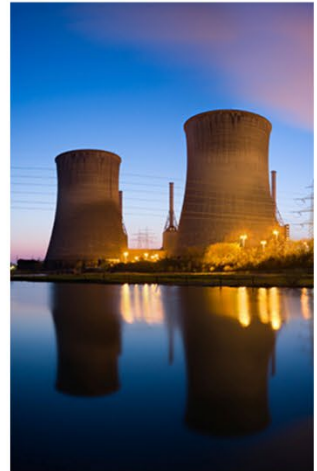
During his 12-year tenure, Thilly also provided leadership as chair of the Finance and Audit Committee, chair of the Risk Management and Internal Controls Subcommittee and liaison to the Reliability and Security Technical Committee (RSTC), among other positions.

Filling the spot vacated by Thilly’s retirement, the MRC elected [Kristine Schmidt](#) to serve as the newest member of NERC’s Board. Schmidt has more than 40 years of experience across the electricity industry, previously serving on the boards of PG&E Corporation and its utility from April 2019–July 2020, where she helped guide the company through massive wildfire threats, financial challenges and executive leadership transition. Schmidt was also a member of the Western Energy Imbalance Market Governing Body, having served as the chair of the inaugural year and the five-member board with governance responsibility over the wholesale energy imbalance market in the western region of the United States.

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The meeting began with remarks by Patricia Hoffman, principal deputy director, Grid Deployment Office, Department of Energy; and by David Morton, chair and chief executive officer (CEO) of the British Columbia Utilities Commission and CAMPUT liaison to NERC and the MRC.

In his president's remarks, Jim Robb, NERC president and CEO, lauded the work accomplished by the ERO Enterprise in 2022 and emphasized that future challenges require continued close collaboration by all stakeholders.

"Over the past few months, I've spoken with many of you here, CEOs from across the country and our federal partners about the four focus area priorities in our strategic plan — energy, security, agility, and sustainability. It is clear that these priorities remain salient," Robb said. "I am personally committed to seeing these issues through in a timely manner. But in order to be successful, we need all of your expertise and insight in developing solutions to these thorny issues we face."

Robb praised the technical session held the previous day, noting that discussions on inverter-based resources, extreme weather conditions and physical security are crucial to addressing these risks. "These are critical issues," Robb said, "and we are organizing ourselves to work through them systematically, collaboratively and with purpose."

Technical Session

As Robb mentioned in his opening remarks, a technical session has been added to each quarterly in-person MRC/Board meeting to foster deep discussion into current risks. This provides the Board with more opportunities for in-depth dialogue with stakeholders, while ensuring efficient time management and focus on the major issues. The inaugural technical session focused on three topics: winter preparations, recent physical attacks and the integration of inverter-based resources.

- NERC's Bulk Power System Awareness team provided a snapshot of the bulk power system, including a high-level preliminary overview of the Winter Storm Elliott (December 2022), grid impacts and actions taken by some of NERC's registered entities. Attendees also received an update on ERO Enterprise activities leading up to the current winter season and the cold weather preparation that occurred following NERC's Level 2 cold weather alert (September 2022).
- SERC provided an update into the investigation of the December 2022 physical security attacks on two substations (115kV and 230 kV) in the Duke Energy footprint. The North Carolina attacks resulted in approximately 40,000 customer outages.
- A panel discussion focused on integrating rapidly growing levels of inverter-based resources on the grid. The panel recognized the unique function and operational characteristics and the reliability benefits they provide, while also tackling the potential limitations and challenges that come with these resources. The discussion noted that essential reliability services must be provided and future grid conditions studied if reliability is to be maintained, calling the rapid integration of inverter-based resources "the most significant driver of grid transformation across North America."

Updates

The Board received updates on ongoing projects and initiatives, including cold weather standards, standards process improvement opportunities and development of the *ERO Reliability Risk Priorities Report*. Also highlighted was a review of 2022 year-end work place priorities and NERC's *2022 Annual Report*.

- **Project 2021-07 – Extreme Cold Weather.** NERC continues work on addressing recommendations in the joint report completed by FERC, NERC and the Regional Entities on the 2021 Cold Weather Event. EOP-011-3 and EOP-012-2 were revised to meet phase 2 recommendations and approved by NERC's Board in October 2022 and by FERC order today; four new Glossary Terms were developed or revised — Extreme Cold Weather Temperature, Generator Cold Weather Critical Component, Fixed Fuel Supply Component and Generator Cold Weather Reliability Event; and the Facilities section of the standards were updated to address industry comments on unit- vs. plant-level of applicability. The initial posting is expected in this month.
- **Standards Process Improvement Opportunities.** The Standards Process Stakeholder Engagement Group, made up of representatives from the Board, NERC, MRC, Standards Committee, Compliance and Certification Committee, RSTC, and Reliability Issues Steering Committee (RISC) with representation from U.S. and Canadian entities, made recommendations in 2022 for improving NERC's ability to address urgent reliability needs with agility, while still maintaining industry expertise, participation and process transparency. The recommendations focused on four areas: Rules of Procedure, Standard Processes Manual, Standing Committees and Registered Ballot Body. Proposed changes to Section 300 of the NERC Rules of Procedure and the Standard Processes Manual are posted for comment. The Standard Processes Manual also is posted for ballot.
- **RISC/RSTC.** The chairs of the RISC and the RSTC reviewed the evaluation and prioritization of emerging reliability and security risks including preliminary results from the recent Reliability Leadership Summit. The risks are prioritized using the process outlined in the *Framework to Address Known and Emerging Reliability and Security Risk*, which classifies risks according to the likelihood of occurrence and the severity of their impact. The joint presentation addressed the first three steps of the framework: risk identification and validation; risk prioritization; and determination of risk remediation/mitigation. The findings from the Summit will be included in the next *ERO Reliability Risk Priorities Report*, which is published every two years, and ensures that the risks identified are prioritized and mitigated. The report will be presented to NERC's Board at their August meeting.
- **2022 Work Plan Priorities.** NERC performed well against its 2022 work plan priorities, which were approved by the Board in November 2021. Key accomplishments included advances in achieving the mission, leveraging the ERO Enterprise and maturing NERC's business function. NERC was able to deliver against 43 of its 44 tactical 2022 priorities.
- **Annual Report.** NERC's [2022 Annual Report](#) details many of the year-end accomplishments mentioned above. Published today, the report highlights the criticality of the ERO Enterprise's mission of assuring the reliability, resilience and security of the grid during a time of extraordinary transformation. The report looks back on NERC's 2022 accomplishments and sets the stage for 2023's four strategic focus areas.

In Other Board Action

The Board authorized the use of an expedited procedure to collect data on internal network security monitoring under Section 1606 of the Rules of Procedure. The request was in response to FERC Order No. 8871, which directed NERC to develop standards requirements for internal network security monitoring for all medium- and high-impact Bulk Electric System (BES) Cyber Systems with external routable connectivity. In addition, the order directed NERC to conduct a study of the risks stemming from a lack of internal network security monitoring and the feasibility of requiring it for other BES Cyber Systems not subject to the final rule.

The Board also adopted two standards modifications:

- **Project 2021-04 – Modifications to PRC-002.** This project was initiated to address two standards authorization requests and clarify notification requirements for fault recording data, ensuring adequate sequence of events recordings and fault recording data is available to conduct analysis of BES disturbances. A second phase of the project will address recommendations from the Inverter-Based Resource Performance Task Force to better account for the growth of inverter-based resources on the grid.
- **Project 2021-05 – Modifications to PRC-023.** This project was initiated to eliminate confusion surrounding out-of-step blocking settings by retiring Requirement 2.

Board presentations may be found [here](#). The next Board of Trustees meeting is May 10–11 with a hybrid format — MRC and Board members will attend meetings in-person, while all others will be virtual.

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Electricity is a key component of the fabric of modern society and NERC, as the Electric Reliability Organization, serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable and secure North American bulk power system. Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.