NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Agenda
Member Representatives Committee

May 5, 2009 | 9:45-10:30 a.m and 1-3 p.m.
The Westin Arlington Gateway
801 North Glebe Road
Arlington, Virginia
703-717-6200

Introductions and Chairman's Remarks

Antitrust Compliance Guidelines

Consent Agenda — Approve

*1. **Minutes**
- February 9, 2009
- April 6, 2009

*2. **Future Meetings**

Regular Agenda

*3. **Update on Regulatory Matters**

*4. **Proposed Amendments to NERC Rules of Procedure Section 500 and Appendix 5**

*5. **2009 Summer Reliability Assessment**

*6. **2009 Long-Term Reliability Assessment Emerging Issues**

*7. **Priorities and Emphasis for 2009**

*8. **Three-Year Performance Assessment**

*9. **Process for Election of CEO-level Executives to the ESSG**

*10. **Board of Trustees Nominating Committee Process**

*11. **Cyber Risk Preparedness Assessment**

*12. **Cyber Security Order 706 Standard Drafting Team – Project 2008-06**

*13. **Operating Reliability Data Agreement (See Item 9 on May 6, 2009 Board of Trustees Agenda)**

14. **Comments by Observers**

Other Business

Information Only — No Discussion

*15. **Training and Education**

*16. **Reliability Metrics and Benchmarking**

*17. **Events Analysis and Information Exchange**

* Background material included

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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.

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Draft Minutes of Open Session
Member Representatives Committee

February 9, 2009 | 1 p.m.
Arizona Grand Resort
8000 South Arizona Grand Parkway
Phoenix, Arizona
877-800-4888

Member Representatives Committee Chairman Steve Naumann called to order a duly noticed open meeting of the Member Representatives Committee (MRC) of the North American Electric Reliability Corporation on February 9, 2009 at 1:00 p.m., local time, and a quorum was declared present. The meeting announcement, agenda, and list of attendees are attached as **Exhibits A**, **B**, and **C**, respectively.

NERC Antitrust Compliance Guidelines

David Cook called attention to the NERC Antitrust Compliance Guidelines distributed with the agenda.

Minutes

The MRC approved the draft minutes of the October 28, 2008 meeting and the November 14, 2008 and January 13, 2009 conference calls (**Exhibits D, E** and **F,** respectively).

Future Meetings

The MRC approved February 15–16, 2010 in Phoenix, Arizona as a future meeting date and location.

Results of Election of New Trustees

David Cook reported that in closed session the MRC unanimously elected Kenneth G. Peterson, Bruce A. Scherr, and Jan E. Schori to the NERC Board of Trustees for three-year terms ending at the 2012 annual meeting of the MRC. Chairman Naumann welcomed Jan Schori as a new member of the Board of Trustees.

Comments by Outgoing Chairman

Chairman Naumann called on outgoing Chairman Steve Hickok to comment on committee activities during the previous year. Mr. Hickok reflected briefly on where NERC was at startup, commented on its current state, and encouraged NERC to hold tightly to the model in Section 215 of the Federal Power Act and to keep in sight the goal of measuring and motivating reliability outcomes. Upon conclusion, Chairman Naumann

thanked Steve Hickok for his years of dedicated service to NERC and the MRC, first as a member, then vice chairman, and then chairman of the committee. A copy of Mr. Hickok's remarks are attached as (**Exhibit G**).

Priorities and Emphasis for the Upcoming Year

Chairman Naumann led a discussion of the priorities and emphasis items for the upcoming year. He reminded those present that when committee members speak at the MRC meetings, they are sector representatives and are not speaking on behalf of their individual organizations. Discussion ensued among the MRC members as to which issues are priorities to be discussed at meetings through the upcoming year, beginning with the May 2009 meeting. Chairman Naumann and Vice-Chairman Tymofichuk will review written comments submitted along with input received at the meeting in updating the priorities and emphasis for 2009.

Role of Stakeholders in a Self-Regulatory Organization

Chairman Naumann invited the committee to discuss, on a policy-level, the role of stakeholders in a self-regulatory organization. He began by stating a number of members have raised the issue of the role of stakeholders, especially in the standards development program, and whether stakeholder input is being received as expected. Discussion ensued among members, with several members expressing the concern that the role of stakeholders is being diminished. Rick Sergel expressed appreciation for the straightforward discussion, and stated this item would be discussed more at the next day's meeting of the Board of Trustees.

Role of NERC in Presenting Reliability Impacts on Public Policy Issues

Chairman Naumann invited a high-level discussion on NERC's responsibility in presenting reliability impacts on public policy issues. Committee members discussed whether NERC as the ERO has a responsibility to discuss possible negative, as well as, positive impacts with policy makers. Several members agreed that as the ERO, NERC should provide information and comment on the impact of policy issues on reliability, without criticizing the policy itself. Upon conclusion of the discussion, Chairman Naumann encouraged MRC members to send further comments to David Whiteley, executive vice president.

CIP – Review of New Alert Procedure Including International Cross-Border Requirements

Michael Assante, vice president and chief security officer, gave a brief review of the new alert procedure and the international cross-border requirements (**Exhibit H**). Mr. Assante stated NERC is committed to the alert system as an important tool used to ensure reliability. The desired objective of this system is that it be timely, accurate, demand a level of accountability to track responses, and most importantly be usable—registered entities must be able to integrate it into their business processes. Going forward, NERC will be conducting scheduled, announced, and trained-to changes to the process. Mr. Assante emphasized that NERC plans to engage stakeholder groups to plan for future improvements to the process as the key to success is taking industry feedback and

implementing suggestions in an effective manner. NERC has received excellent input and has made corresponding improvements to enhance recipient flexibility and address some of the usability issues.

Efforts to improve the process in 2009 will include: additional training; improvements to technology and security; improving the clarity of instructions and questionnaires thereby eliminating ambiguity in the system; and improving the quality of these reports to better fulfill the guidelines listed in NERC's Rules of Procedure Section 810.5 (Reporting to governmental authorities).

A number of members made comments suggesting improvements to the alert procedures.

2009 Performance Assessment – Update of Schedule and Process

David Cook presented an update on the schedule and process for the 2009 Performance Assessment (**Exhibit I**). He explained that NERC intends to accept comments from stakeholders throughout the entire performance assessment process. He reminded the committee that self-assessment documents and an on-line survey have been posted, with comments due February 25, 2009. He stated NERC will issue a draft evaluating NERC's performance and that of the Regional Entities, approximately the third week in April. Discussion is planned for the May 2009 MRC meeting with those comments being reflected in the final package. NERC will request board approval about July 10, 2009 and then file with FERC by July 20, 2009. Members recommended that NERC schedule a workshop or retreat to discuss the performance assessment. Mr. Sergel stated that there were timing challenges for such a workshop or retreat to be scheduled between NERC issuing its draft in April and the next MRC meeting.

Feedback to Board and Board Committees between MRC meetings

Chairman Naumann opened the discussion on feedback to the NERC Board of Trustees and its committees between the MRC meetings. He explained that the board committees have recently seen an increase in the number of conference calls, many dealing with issues of significant public policy. Frustrated MRC members do not see an opportunity to provide policy input when there are action items presented on the agendas of those meetings to the board between MRC meetings. Chairman Naumann invited the committee to discuss whether the process outlined in the background material for this item (**Exhibit J**) should be used by the MRC for providing input to the board of trustees between meetings. Members agreed with the process but additionally recommended that some stakeholder input be accommodated on conference calls.

Results of Survey of Generation and Transmission Owners and Operators

Gerry Adamski, vice president and director of standards, presented the results of a survey conducted from October 1–30, 2008 of generation and transmission owners and operators regarding the applicability of certain TO and TOP reliability standard requirements to generator owners and operators by virtue of their interconnection facilities (**Exhibit K**). NERC has convened an ad hoc technical group comprising a cross-sectional representation of technical experts within the industry, including Canadian

representation. The main priority of the group will be to thoroughly vet the issues raised and propose an action plan to resolve the issues, which may include proposed standards authorization requests for standards modifications. Mr. Adamski stated he plans the kick-off meeting of this group at the March 2009 standing committee meetings, and he expects the group to complete its activity by the end of 2009.

Comments by Observers

Jim Fama (Edison Electric Institute) stated that EEI had submitted written comments prior to the meeting and those suggestions were submitted in a spirit of supporting NERC and the Regions. He added EEI has some concerns that NERC is swinging too far from the self-regulatory model, and its CEOs feel that NERC is taking too much direction from FERC. This is a serious concern for EEI's companies. Mr. Fama stated that EEI believes regulated entities need to offer alternatives back to regulators. He stated that while EEI wants FERC to approve what NERC submits, and understands that in a startup situation there is a tendency to want to please your regulators, FERC isn't the only constituent. Mr. Fama stated it is time that the pendulum needs to swing back toward the asset owners, who at the end of the day own the reliability issue. Mr. Fama also suggested NERC come up with another approach to handle the minor compliance violations and then revisit the issue with FERC.

Allen Mosher (American Public Power Association) stated that he agreed with a number of Mr. Fama's comments. He stated that it appears NERC is choking on process in both the standards and compliance areas, when the main focus should be on preventing widespread cascading outages. Mr. Mosher pointed out that Reliability Metrics and Benchmarking and Events Analysis and Information Exchange programs are the most important items on the agenda as indicators of where we had near-misses, on systematic trends, and absences in performance, yet they have been relegated to information-only items on the agenda.

David Mohre (National Rural Electric Cooperative Association) stated that NRECA is of the opinion that NERC must fully embrace and commit to stakeholder involvement and striking a balance between NERC, FERC, and the stakeholders. He added that the MRC needs more time to discuss these issues at its meetings.

Pierre Guimond (Canadian Electricity Association) stated that the discussion was very encouraging and many of the issues discussed had framed some of the concerns of Canadian participants in terms of the future of the model. He added they do not believe the model is broken but does need to be reinforced. Mr. Guimond stated the model is by far the most preferable approach there is to a North American integration of the grid, and also for ensuring that reliability remains the focus of attention at all times.

Upcoming Issues for May Meeting

Chairman Naumann stated the emphasis for the May meeting will be on the 2010 budget, the three-year assessment, and work on the priorities and emphasis items.

Adjournment
There being no further business, Chairman Naumann adjourned the meeting at 3:20 p.m.

Submitted by,

David N. Cook
Corporate Secretary

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Conference Call Draft Minutes
Member Representatives Committee

April 6, 2009
Conference Call

Chairman Steve Naumann convened a duly noticed open meeting by conference call of the North American Electric Reliability Corporation's Member Representatives Committee (MRC) on April 6, 2009 at 11 a.m. EDT. The meeting announcement, agenda, and list of attendees are attached as **Exhibits A**, **B**, and **C**, respectively. A quorum was not present.

NERC Antitrust Compliance Guidelines

David Cook, NERC vice president and general counsel, directed the participants' attention to the NERC Antitrust Compliance Guidelines.

Agenda Review

Chairman Naumann called the roll of members and proxies. A quorum was not present; therefore approval of the February 9, 2009, MRC meeting minutes was deferred until the committee's May 5, 2009 meeting. Chairman Naumann reviewed the remainder of the agenda.

2009 Performance Assessment

David Cook explained that an initial three-year performance assessment of Electric Reliability Organization (ERO) activities, accomplishments, and recommendations for improvement is required to be filed with FERC by July 20, 2009. It will comprise an overall assessment of the ERO and the Regional Entities in carrying out their obligations under the Regional Delegation Agreements. A draft of the assessment will be posted April 22 for industry review and comment until May 15. Mr. Cook noted that subsequent ERO performance assessments will be required every five years.

Overview of Preliminary Agendas for May 5 and 6 — Board of Trustees and Member Representatives Committee Meetings

Chairman Naumann reviewed the agenda for the May 6 Board of Trustees meeting (**Exhibit D.**) He noted the item on revised Operating Reliability Data (ORD) agreements, and suggested this issue be added to the MRC agenda for May 5 as a discussion item. David Cook explained that this agreement, which covers sharing Reliability Coordinator data, is being proposed for revision to permit certain data to be shared with FERC, NERC, and Regional Entities in support of a new Situation Awareness information initiative. Chairman Naumann also noted that FERC chairman, Jon Wellinghoff, is planning to attend the NERC meetings and make a few remarks. It is not certain when during the two days of meetings this will occur. James Keller inquired as to the status of the short-form settlement agreement

discussed at the February 9, 2009 Board Compliance Committee meeting. Chairman Naumann indicated that this will be discussed as part of the open Board Compliance Committee meeting on May 5. Chairman Naumann reminded committee representatives they are invited to send to NERC written comments on any MRC or board agenda items.

Member Representatives Committee

Chairman Naumann reviewed the agenda for the May 5 Member Representatives Committee meeting (**Exhibit E**.) Chairman Naumann noted that the MRC would have a "split" meeting, with the first session from 9:45–10:30 a.m. without the board members present, and the second session from 1–3 p.m. with board members present. Items expected to be covered in the first session include: approval of minutes and future meetings; update on regulatory matters; 2009 Summer Assessment preview; preliminary presentation on 2009 LTRA issues; process for election of CEO-level representatives to the ESSG; naming MRC representatives to the Board Nominating Committee; and cyber evaluation update. With regard to the briefings on the 2009 Summer Assessment and 2009 LTRA, Dave Nevius indicated that NERC would be interested in comments by MRC members on their view of how the current economic downturn is expected to affect near and long-term peak demand and energy forecasts.

Other MRC Agenda items to be discussed with board members present:

- Proposed Revisions to Section 500 Rules of Procedure and Appendix 5
- Priorities and Emphasis for 2009 — Chairman Naumann indicated he intended to have the discussion focus primarily on reliability improvement and what feedback from the compliance and event analysis programs could help inform the standards program.
- 2009 Performance Assessment Update — See discussion above. MRC members should be prepared to offer comments during the meeting for the benefit of board members, in addition to submitting written comments by May 15.

Chairman Naumann explained the importance of representatives attending MRC meetings and conference calls so the committee has the quorum necessary to conduct its business. He added that while NERC has arranged for dial-in capability at its past regular meetings, this has proven to be a costly and less than effective way for committee representatives to participate in meetings and will not be provided at the upcoming MRC meeting. He urged representatives who cannot attend the May 5 meeting in person to arrange for proxies from their sector who can attend in person. Chairman Naumann announced that approval of the February 9, 2009 MRC meeting minutes, April 6, 2009 MRC conference call minutes, and discussion of the Operating Reliability Data agreement revisions would be added to the agenda.

Dave Nevius described the schedule of meetings for May 5, as follows:

8–9 a.m.	Technology Committee (OPEN)
9–9:45 a.m.	Finance and Audit Committee (OPEN)
9:45–10:30 a.m.	Finance and Audit Committee (CLOSED)

9:45–10:30 a.m.	MRC (w/o BOT)
10:30–12:30 p.m.	Board Compliance Committee (OPEN)
12–1 p.m.	Lunch
1–3 p.m.	MRC (w BOT)
3:30–5:30 p.m.	Finance and Audit Committee 2010 Budget Workshop

Organize Comments for NERC 2010 Business Plan and Budget

Chairman Naumann encouraged MRC members to plan to participate actively in the Finance and Audit Committee's 2010 Budget Workshop immediately following the MRC meeting. Dave Nevius indicated that Bruce Scherr, chairman of the Finance and Audit Committee and Bruce Walenczyk, NERC's chief financial officer, will provide an overview description of the draft 2010 Budget, including key assumptions, and lead the discussion of the draft budget. The draft *2010 NERC Business Plan and Budget* will be posted prior to the workshop.

Requests for Recommendation to BOT Nominating Committee

Chairman Naumann reminded the MRC representatives that he would be seeking volunteers to serve on the Board Nominating Committee to develop and recommend a slate of board members for election at the February 15, 2010 MRC meeting. Board member Ken Peterson will chair the Nominating Committee. Chairman Naumann emphasized the importance of participating fully in the meetings and conference calls of the Nominating Committee. He noted the critical steps and timeline in the process are: organizing conference calls (at or before August MRC/BOT meetings); making a choice of search firms (August); review short list and narrow candidates (mid November); and interview final candidates and make recommendations (1st week of December).

MRC members interested in volunteering for this assignment are requested to do so by e-mail to Chairman Naumann (steven.naumann@exeloncorp.com) with copies to committee vice chairman Ed Tymofichuk (tetymofichuck@hydro.mb.ca) and committee secretary Dave Nevius (dave.nevius@nerc.net) no later than April 20, 2009.

There being no further business, the call was terminated at 12 p.m. EDT.

Submitted by,

David R. Nevius

Committee Secretary

Agenda Item 2
MRC Meeting
May 5, 2009

Future Meetings

Action Required

Approve May 11–12, 2010 (Tu–W) in Washington, D.C. as a future meeting date and location

Information

The MRC has approved the following future meeting dates and locations:

- August 4–5, 2009 — Winnipeg, Manitoba, Canada (Tu–W)
- November 4–5, 2009 — Atlanta, Georgia (W–Th)
- February 15–16, 2010 —Phoenix, Arizona (M–Tu)

Agenda Item 3
MRC Meeting
May 5, 2009

Update on Regulatory Matters
(As of April 18, 2009)

MRC Action Required

None

Regulatory Matters in Canada

1. February 10, 2009 — Memorandum of Understanding signed by Saskatchewan Power Corporation, NERC, and the Midwest Reliability Organization (MRO) setting forth the mutual expectations of the parties with respect to jurisdiction, appointment of reliability standard setting bodies, automatic adoption of reliability standards approved by NERC and MRO, monitoring and reporting compliance, and the provision for payment for a fair, transparent and attributable allocation of MRO's and NERC's reasonable budget costs applicable to Saskatchewan for carrying out their mission, on a net-energy-for-load basis.

2. May 5, 2009 — NERC, NPCC, and the Québec Régie de l'énergie expect to sign an agreement with respect to the development of reliability standards applicable to Québec, the monitoring of the application of such standards, and opinions and recommendations provided by NERC or NPCC with respect to such standards and the electric power transmission reliability in Québec.

FERC Orders Issued Since the Update for the February 9-10, 2009 Meetings

1. January 22, 2009 — Letter Order approving errata filing for Reliability Standards IRO-005-2 and TOP-004-2 that NERC filed on July 28, 2008. *Docket No. RD09-1-000*

2. January 27, 2009 — Order approving compliance filing of 12 revised Violation Risk Factors (VRFs), 9 new VRFs for the CIP standards, and directing changes in four of the new VRFs. *Docket No. RM06-22-002 and Docket No. RM06-22-003*

3. February 2, 2009 — Letter Order approving NERC's December 19, 2008 compliance filing of 31 revised VRFs pertaining to certain CIP standards, in response to Paragraphs 751 and 757 of the Commission's Order No. 706. *Docket No. RM06-22-005*

4. February 5, 2009 — Notice of Penalty Order - The Commission issued a Notice of Penalty Order stating it would not review the Notices of Penalty filed on January 7, 2009 regarding:

    a. *NP09-4-000* - SUEZ Energy Generation NA, Inc;
    b. *NP09-5-000* - Wise County Power Company;
    c. *NP09-6*-000 - Hopewell Cogeneration Limited Partnership;
    d. *NP09-7-000* - Choctaw Gas Generation, LLC;
    e. *NP09-8-000* - Choctaw Generation Limited Partnership; and
    f. *NP09-9-000* - Hot Spring Power Company, LLC

5. February 17, 2009 — Letter Order accepting NERC's November 21, 2008 status report and an agreement between NERC and WECC addressing NERC's taking responsibility

for CMEP activities regarding WECC's reliability coordinator functions. *Docket Nos. RR06-1-018 and RR07-7-006*

6. February 19, 2009 — Notice of Penalty Order - The Commission issued a Notice of Penalty Order stating it would not review the Notices of Penalty filed on January 21, 2009 regarding:

    a. *NP09-10-000 City of Conway, AR;*
    b. *NP09-11-000 City of Ruston, LA;*
    c. *NP-09-12-000 Batesville Balancing Authority;*
    d. *NP09-13-000 Union Power Partners, LLC; and*
    e. *NP09-14-000 City of West Memphis, AR.*

7. February 19, 2009 — The Commission conditionally accepted NERC's July 21, 2008 compliance filing in response to a June 19, 2008 order that conditionally approved a true-up to NERC's 2007 budget and included responses to the 2008 Budget Order. *Docket No. RR07-16-004*

8. February 19, 2009 — The Commission issued Order 716-A, denying NYISO's request for rehearing of Order No. 716, which approved the nuclear plant interface standard. *Docket No. RM08-3-001*

9. February 27, 2009 — The Commission issued a letter order requesting additional data and support regarding NERC's December 15, 2008 compliance filing with respect to the decision in the NERC 2009 Business Plan and Budget filing to phase out the readiness evaluation program. *Docket No. RR08-6-002 and RR07-014-003*

10. March 19, 2009 — The Commission issued a Notice of Proposed Rulemaking on Capacity Benefit Margins, Transmission Reliability Margins, Total Transfer Capability, and Existing Transmission Commitments and Mandatory Reliability Standards for the Bulk-Power System. *Docket Nos. RM08-19-000, RM08-19,001, RM09-5-000, RM06-16-005*

11. March 19, 2009 —The Commission Order No. 706-B and clarified that the facilities within a nuclear generation plant in the U.S. that are not regulated by the U.S. Nuclear Regulatory Commission are subject to compliance with the eight mandatory CIP Reliability Standards approved in Order No. 706. *Docket No. RM06-22-000*

12. March 19, 2009 — Order No. 713-A: The Commission issued an order approving Reliability Standard IRO-006-4. *Docket Nos. RM08-7-000 and RM08-7-001*

13. March 19, 2009 —Order No. 890-C: The Commission affirmed its basic determinations in Order Nos. 890, 890-A, and 890-B, granting rehearing and clarification regarding certain revisions to its regulations and the *pro forma* OATT, adopted in Order Nos. 888 and 889 to ensure that transmission services are provided on a basis that is just, reasonable, and not unduly discriminatory. *Docket Nos. RM05-17-004 and RM05-25-004*

14. March 20, 2009 — Order No. 722: The Commission issued its Order approving three revised Version Two Facilities Design, Connections, and Maintenance Reliability Standards Reliability Standards (FAC-010-2, FAC-011-2 and FAC-014-2) which set requirements for the development and communication of system operating limits of the

bulk power system for use in the planning and operation horizons. *Docket No. RM08-11-000*

15. March 25, 2009 — The Commission issued an order denying rehearing filed by the Canadian Electricity Association of the December 19, 2008 order approving the revised CMEP, Rules of Procedure, and delegation agreements. The Commission also granted rehearing filed by SPP of the requirement to establish separate bank accounts for statutory and non-statutory activities. *Docket Nos. RR06-1-019 and RR07-6-005*

NERC Filings Since the Update for the February 9-10, 2009 Meetings

1. January 30, 2009 — NERC submitted its fourth quarter 2008 report on the analysis of voting results for Reliability Standards in response to the Commission's January 18, 2007 Order that required NERC to closely monitor and report to the Commission the voting results for NERC Reliability Standards each quarter for three years. *Docket No. RR06-1-000*

2. February 3, 2009 — NERC submitted its Reliability Standards Development Plan for the year 2009 - 2011 in accordance with Section 310 of the NERC Rules of Procedure. *Docket Nos. RM05-25-000, RM05-17-000 AND RM06-16-000*

3. February 3, 2009 — NERC submitted a supplemental compliance filing in response to Paragraph 951 of Order No. 693 that required NERC to conduct a year-long survey of IROL practices and actual operating experiences. *Docket No. RM06-16-006*

4. February 4, 2009 — NERC submitted an errata to the July 30, 2008 petition for approval of the proposed Reliability Standard of NERC, PRC-023-1 — Transmission Relay Loadability. *Docket No. RM08-13-000*

5. February 6, 2009 — NERC submitted a filing seeking approval of 15 Reliability Standards that contained errata changes from the versions officially on file with and previously approved by the Commission. *Docket No. RD09-2-000*

6. February 9, 2009 — NERC submitted four WECC Regional Reliability Standards (FAC-501-WECC-1 Transmission Maintenance; PRC-004-WECC-1 Protection System and Remedial Action Scheme Misoperation; VAR-002-WECC-1 Automatic Voltage Regulators; and VAR-501-WECC-1 Power System Stabilizer) and five associated definitions (Functionally Equivalent Protection System ("FEPS"); Functionally Equivalent RAS ("FERAS"); Security-Based Misoperation; Dependability-Based Misoperation; and Commercial Operation) for Commission approval. *Docket No. RM09-9-000*

7. February 17, 2009 — NERC submitted its compliance filing in response to the Commission's December 19, 2008 Order, including a revised NERC uniform CMEP including revised Attachment 2, Hearing Procedures; certain revisions to the NERC Rules of Procedure; and revised Amended and Restated Delegation Agreements with certain of the eight Regional Entities. *Docket Nos. RR06-1-016 and 017, RR07-1-004, RR07-2-004, RR07-3-004 and 005, RR07-4-004, RR07-5-005, RR07-6-004, RR07-7-004 and 005, and RR07-8-004 and 005.*

8. February 18, 2009 — NERC submitted a status report regarding the settlement discussions between Texas Regional Entity and Constellation Energy Commodities Group, Inc. *Docket No. RC08-7-000*

9. February 20, 2009 — NERC and NPCC submitted a compliance filing in response to the December 18 Order, which included a list of bulk electric system facilities within the US portion of the NPCC Region and responses to the set of questions and data requests of the Commission stated in the December 18 Order. *Docket No. RC09-3-000*

10. February 27, 2009 — NERC submitted for Commission approval the Violation Severity Levels for TOP-004-2. *Docket Nos. RM06-16-000 and RD09-1-000*

11. March 5, 2009 — NERC submitted a request for approval of formal interpretation to Reliability Standard TOP-002-2, Requirement R11. *Docket No. RM06-16-000*

12. March 5, 2009 — NERC submitted a request to approve the formal interpretation to Reliability Standard VAR-002-1a. *Docket No. RM09-11-000*

13. March 6, 2009 — NERC submitted comments in response to the February 19, 2009 NAESB filing. *Docket No. RM05-5-013*

14. March 6, 2009 — NERC supplemented, for RFC and WECC, information that NERC previously submitted to the Commission regarding the definition of "bulk electric system." *Docket No. RM06-16-000*

15. March 6, 2009 — NERC submitted MOD-030-2 Reliability Standard for Commission approval. This standard superseded MOD-030-1 which was filed for Commission approval on August 29, 2008. *Docket No. RM08-19-000*

16. March 11, 2009 — NERC submitted BAL-004-1 Reliability Standard for Commission approval. This proposed Reliability Standard BAL-004-1 will supersede the Commission-approved BAL-004-0 Reliability Standard. *Docket Nos. RM06-16-000 and RM09-13-000*

17. March 16, 2009 — NERC submitted its response to the February 27, 2009 FERC Data Request regarding NERC's December 15, 2008 Compliance Filing on the NERC 2009 Business Plan and Budget and the Reliability Readiness Program regarding the decision to phase out the readiness evaluation program. *Docket Nos. RR08-6-002 and RR07-14-003.*

18. March 18, 2009 — NERC answered comments submitted by the Transmission Agency of Northern California addressing NERC's February 17, 2009 Compliance Filing in response to the December 19, 2008 Order. *Docket Nos. RR06-1-021, RR07-1 et al.*

19. March 20, 2009 — NERC submitted a status report regarding the settlement discussions between Texas Regional Entity and Constellation Energy Commodities Group, Inc. in Docket No. RC08-7-000.

20. March 24, 2009 — NERC submitted proposed revisions to the Bylaws of Reliability*First* Corporation for Commission approval. *Docket No. RR09-3-000*

21. March 25, 2009 — NERC submitted a petition for approval of WECC Regional Reliability Standard BAL-002-WECC-1 - Contingency Reserves. *Docket No. RM09-15-000*

22. March 25, 2009 — NERC submitted a petition for approval of the WECC Regional Reliability Standard TOP-007-WECC-1 - System Operating Limits. *Docket No. RM09-14-000*

23. March 31, 2009 — NERC submitted three Notices of Penalty. *Docket No. NP09-15-000 – Black River Generation, LLC; Docket No. NP09-16-000 – Dynegy, Inc.; and Docket No. NP09-17-000 – FPL Energy, LLC.*

24. April 1, 2009 —NERC submitted a filing in compliance with the Commission's October 18, 2007 Order. The filing contained a comparison of the actual funding received and costs incurred by NERC and each Regional Entity for statutory and non-statutory activities for the year ended December 31, 2008; metrics concerning NERC and Regional Entity administrative costs in their 2008 budgets and actual results; and information and explanation concerning SPP RE's 2008 budget and actual costs. *Docket No. RR07-16-005*

25. April 6, 2009 — NERC submitted a compliance filing in response to the Commission's February 19, 2009 Order. The filing demonstrated that Southwest Power Pool Regional Entity has implemented procedures to enable it to reconcile its accounts and income, revenue and expenses with the NERC System of Accounts, and certified that Southwest Power Pool Regional Entity is in compliance with Section 8(e) of the delegation agreement. *Docket No. RR07-16-004*

Anticipated NERC Filings

1. April 30, 2009 — Quarterly report due in response to January 18, 2007 Order regarding Analysis of Reliability Standards Voting Results July – September 2007. NERC was directed to monitor and report to the Commission the voting results and analysis of voting results (including trends and patters of stakeholder approval) to the Commission for three years. *Docket No. RR06-1-003*

2. May 11, 2009 — Comments due in response to the Commission's proposed Smart Grid Policy Statement and Action Plan. *Docket No. PL09-4-000*

3. May 18, 2009 — NERC must submit revised VRFs and VSLs for IRO-006-4 the Commission's March 19, 2009 Order No. 713-A. *Docket Nos. RM08-7-000 and RM08-7-001*

4. May 26, 2009 — Comments due in response to the Commission's March 19, 2009 Notice of Proposed Rulemaking on the six Modeling, Data, and Analysis Reliability Standards (ATC Standards). *Docket Nos. RM08-19-000, RM08-19-001, RM09-5-000 and RM06-16-005*

5. May 29, 2009 — NERC must submit revised VRFs and VSLs for the version two FAC standards (FAC-010-2, FAC-011-2 and FAC-014-2) per the Commission's March 20 Order No. 722. *Docket No. RM08-11-000*

6. July 20, 2009 — NERC must submit an assessment of its performance to the Commission three years from the date of certification as the Electric Reliability Organization. *Docket No. RR06-1-000*

7. July 31, 2009 — Quarterly report due in response to January 18, 2007 Order regarding Analysis of Reliability Standards Voting Results April – June 2009. NERC was directed to monitor and report to the Commission the voting results and analysis of voting results (including trends and patters of stakeholder approval) to the Commission for three years. *Docket No. RR06-1-003*

8. NERC expects to file the directed modification to the NUC-001-1 Standard Requirement R9.3.5 with the Commission by August 15, 2009 (one industry comment period) or by November 15, 2009 (two industry comment periods). Per the November 17, 2008 Compliance Filing in *Docket No. RM08-3-000*

9. August 23, 2009 — Proposed 2010 business plans and budgets for NERC and the eight regional entities.

10. September 15, 2009 — NERC must submit a compliance filing to establish a stakeholder process to determine the appropriate implementation timetable for nuclear power plants. *Docket No. RM06-22-000*

11. September 18, 2009 — Compliance Filing on the historical Data, the 2008 Compliance Report and the FERC Guidelines regarding VSLs (see November 20 Order). *Docket Nos. RR08-4-001 and RR08-4-002*

Proposed Amendments to NERC Rules of Procedure Section 500 and Appendix 5

Action Required
Discussion only

Information
The Compliance and Certification Committee, working with NERC Compliance staff, has developed revisions to Section 500 and Appendix 5 of NERC's Rules of Procedure. The changes will be posted for a 45-day stakeholder comment period.

The proposed changes are being made to reflect the decision not to have Reliability Standards dealing with organization certification, but instead handle organization certification issues, as appropriate, through the Rules of Procedure.

Other, unrelated procedures developed by the Compliance and Certification Committee are listed as Agenda Item 6 for the Board of Trustees May 6, 2009, meeting.

Agenda Item 5
MRC Meeting
May 5, 2009

2009 Summer Reliability Assessment

Action Required
None

Background
NERC will issue its 2009 Summer Reliability Assessment on or about May 22, 2009. The report will cover the four 2009 summer months (June – September) and discuss any adequacy or reliability concerns identified by NERC. This summer's report will reflect some improvements including the use of the Reliability Assessments Guidebook Version 1.2, an explanation of data checking methods, incorporation of Operating Committee (OC) review, enhanced supply categories, and incorporating Reserve Margins (replacing Capacity Margins.)

Bulk power system reliability for the 2009 summer is projected to be adequate. The 2009 summer Key Findings include increased Reserve Margins, as a result of decreased demand coupled with increased capacity (supply and demand response), above average fuel supply projections, and increased levels of wind generation resources.

Based on a preliminary review[1] of the input data and information, 2009 summer peak demand is projected to decline 1.3 percent from 2008 forecast and 1.8 percent from 2008 actual demand. The largest declines are seen in FRCC and RFC—3.5 percent and 3 percent, respectively, due mainly to the economic slowdown and projected temperatures/humidity. Also, total capacity demand response is projected to increase 18.2 percent (from 28,977 to 34,256 MW) and capacity resources from wind generation are expected to increase 33.8 percent (from 20,693 to 27,678 MW) compared to last summer's assessment.

The somewhat compressed schedule for review, approval, and publication is shown in Attachment 1.

[1] These figures do not include complete data from SERC-Gateway subregion awaiting the completion of the Illinois capacity market auction slated to for completion in early May, 2009. Updates to this data and regional self-assessment enhancements will be included in the final summer reliability assessment report.

2009 Summer Reliability Assessment Draft Schedule

Reliability Assessment Subcommittee (RAS) has set the draft schedule below for the *2009 Summer Reliability Assessment*:

Nov. 26	Request letter for regional self assessments and data sent to regions
March 31	Data and Self Assessment due to NERC
April 8-9	RAS Peer Review
April 14	Notice for required data corrections sent to regions
April 15	Corrections to narratives due to NERC
April 22	Data corrections due to NERC, Draft sent to RAS
April 29	Draft Sent to Planning Committee (PC), Operating Committee, (OC) and Member Representatives Committee (MRC) for review
May 5	MRC Meeting: Review and comment
May 6	Final draft to NERC Board of Trustees
May 12	Target date for approval by the NERC Board of Trustees
May 21	Pre-release to Media, Associations, and Government Organizations
May 22	Target release and electronic publication of report

Agenda Item 6
MRC Meeting
May 5, 2009

2009 Long-Term Reliability Assessment Emerging Issues

Action Required
None

Background
NERC will issue its 2009 Long Term Reliability Assessment (LTRA) on or about October 1, 2009. The report will cover ten years and identify adequacy and reliability issues and concerns. Additionally, the report will review several emerging issues as identified by the Planning Committee (PC) and historical reliability trends important to measure future projections.

On February 4-5, the Reliability Assessment Subcommittee (RAS), under the direction of the PC, met to propose and discuss emerging issues. A list of issues was developed and a written summary, including background and pending concerns, was presented to the PC on March 17-18. The RAS reviewed the list again on April 8-9, and made no substantial changes. The list of proposed emerging issues follows:

1. Implementing / accommodating renewable resources
2. CO_2 and greenhouse gas legislation
3. Increased uncertainty in demand for energy and ancillary services
    - Economic downturn impact
    - Demand response in markets
    - Smart grid / advanced metering infrastructure and impacts
    - Energy efficiency
4. Infrastructure
    - Economic downturn impacting capital investments – project delays / cancelations
    - Siting issues
5. Energy storage
6. Workforce issues
7. Cyber security

Based on the Reliability Assessment Improvement Plan,[1] NERC's Transmission Issues and Resource Issues Subcommittees will also offer additional insights on emerging issues in June 2009 for final selection and risk assessment by the PC. The final set and results of risk assessment will be incorporated into the final 2009 report, including summaries of the final set of emerging issues.

The 2009 LTRA notice letter was sent to regions on Nov 28, and data was due by May 1 with data corrections due on May 29. Self-assessments are set for June 5, and a draft report will be prepared by June 12 for RAS review. After peer reviews on June 23-25, NERC staff will host an open workshop/webinar on or about July 30. On Sept 1, a draft LTRA will be sent to the PC and Operating Committee for review. The PC Executive Committee will review the final draft prior to submittal to NERC's Members Representatives Committee on September 17, and Board of Trustees (BOT) on Sept 24. Following approval by the BOT, the report will be posted on the NERC website for public release and officially sent soon thereafter to FERC and governmental authorities in Canada.

[1] See http://www.nerc.com/files/Reliability%20Improvement%20Report%20RAITF%20100208.pdf

Priorities and Emphasis for 2009

Action Required
Discussion

Background
Chairman Steven Naumann will lead the discussion on Priorities and Emphasis for 2009 focused primarily on reliability improvement and what feedback from the compliance and event analysis programs could help inform the standards program.

Three background papers and one presentation are attached to facilitate this discussion.

Attachments
a. Compliance Monitoring and Enforcement
b. Reliability Standards Development
c. Training, Education, and Guidance
d. Improvement of Reliability through Feedback

Compliance Monitoring and Enforcement

Desired Future State

1. Culture of compliance
   - Across all jurisdictions
   - Participants…
     - accept importance of meeting reliability standards
     - are aware of their responsibilities
     - know performance is being monitored
     - appreciate that consequences of failure are very serious
     - are acting to achieve compliance (low # of violations)
   - Necessary attributes (shortcomings here are killers to a culture of compliance)
     - Fairness
     - Consistency
     - Transparency
     - Timeliness

2. Analysis of compliance violations to identify problem areas
   - Provide timely feedback to industry on problems so industry can 'self-correct'
   - Provide data for analysis for training and education
   - Provide feedback into standards programs for improvement
     - Identify ambiguities in standards and inconsistencies in interpretations
     - Identify areas for standards improvement

Current State

1. Post-June 18 violations
   - Is the number high?
   - Is this just the "watermelon" we swallowed?

2. Self reporting vs. caught by compliance audit

3. Problems that may jeopardize culture of compliance
   - Fairness
     - Appropriateness of remedies and penalties (Can jaywalking get the death penalty? Are industry responses recognizing importance of compliance?")
   - Consistency
     - Differing interpretations of requirements
     - Different compliance audit methods
     - Canadian vs. US enforcement?
     - Penalties application, use of mitigating and aggravating factors, etc.?
   - Transparency
     - Non-disclosure of penalty calculator
     - Non-Use of interpretation process
     - Non-disclosure of investigations, violations, remedies (including "no action" outcomes), mitigation tracking.

4. Little feedback or analysis of violations

- Timeliness
  - Postings lag
  - Prioritized dealing with issues is lacking
  - Overload of immature systems and shortage of qualified staff

5. Balance between promotion of compliance and enforcement of compliance.

Reliability Standards Development

Desired Future State

1. Standards, if met, assure Adequate Level of Reliability (ALR)

    - Each standard plugs a hole in ALR
        - A failure to meet the standard results in inadequate level of reliability
        - Magnitude of departure from the standard can be understood in terms of magnitude of the threat to reliability.
        - ALR and deviation from ALR is measured through the metrics

2. Standard is cost-effective means to achieve ALR

3. Standard sets out unambiguous requirements as clear obligations of a party to take and record specific actions.

4. Technical soundness, administrative feasibility, enforceability, and operational consequences for other functions are thoroughly vetted before approval and imposition of standards.

5. Event analysis and compliance actions provide feedback to improve standards (continuous improvement)

    - Compliance actions (including analysis of violations) provide feedback as to whether standard is unambiguous, administratively feasible to meet, realistically enforceable and provides recommendations on how to improve standards and whether standards as written are providing ALR (including analysis of violations)
    - Event analysis identifies needs for new or modified standards to provide ALR based on actual operating experience

6. Process for standards development is based on SRO model and is supported has confidence of all regulatory authorities in North America.

Current State

1. Too many standards

    - Diverts focus, harms reliability
    - Overlaps
    - Low and no-consequence requirements.
    - Results in many low-priority compliance issues getting in the way of high-priority operations.

2. No feedback from compliance process or events analysis or formal method for continuous improvement

3. No transparent process for evaluating cost-effectiveness of a standard or requirement within a standard in relation to ALR.

4. Poorly organized from standpoint of interdependencies

5. Ambiguity
   - Multiple interpretations possible

6. Too many SAR's in play at the same time

   - Workload is preventing thorough review by industry prior to voting.
   - Workload is taxing ability of industry to provide qualified technical personnel

7. FERC's demands are adding to issue (6), above.

8. "Drive for perfect compliance with imperfect standards"

9. Is NERC enforcement role beginning to overwhelm its assistance roles?

Training, Education and Guidance

Desired Future State

1. Provide feedback to the industry on standards and compliance.
2. Provide analysis of violations of standards (prior to and after Notice of Confirmed Violation is filed) to assist users, owners, and operators with identifying major areas of concern and lessons learned.
3. Provide education on demonstrating compliance with standards.
4. Provide analysis of violations of standards to identify shortcomings in standards so that standards can be improved.

Current State

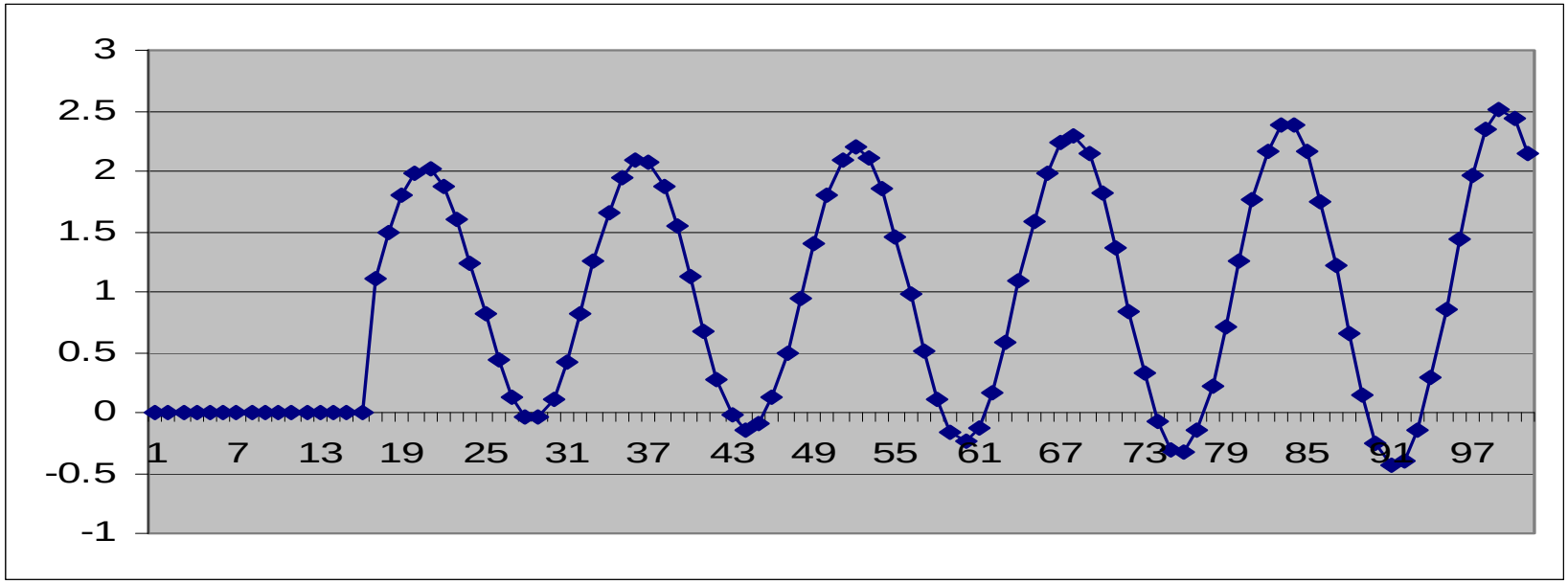
1. Public filing of Notices of Confirmed Violation with FERC provides information to users, owners, and operators

Improvement of Reliability through Feedback

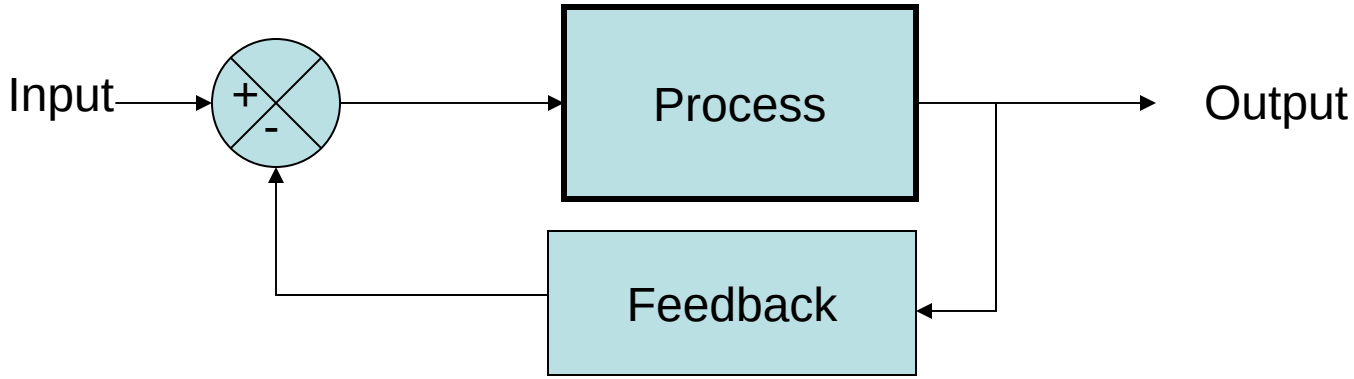
Steven T. Naumann
Chairman, MRC

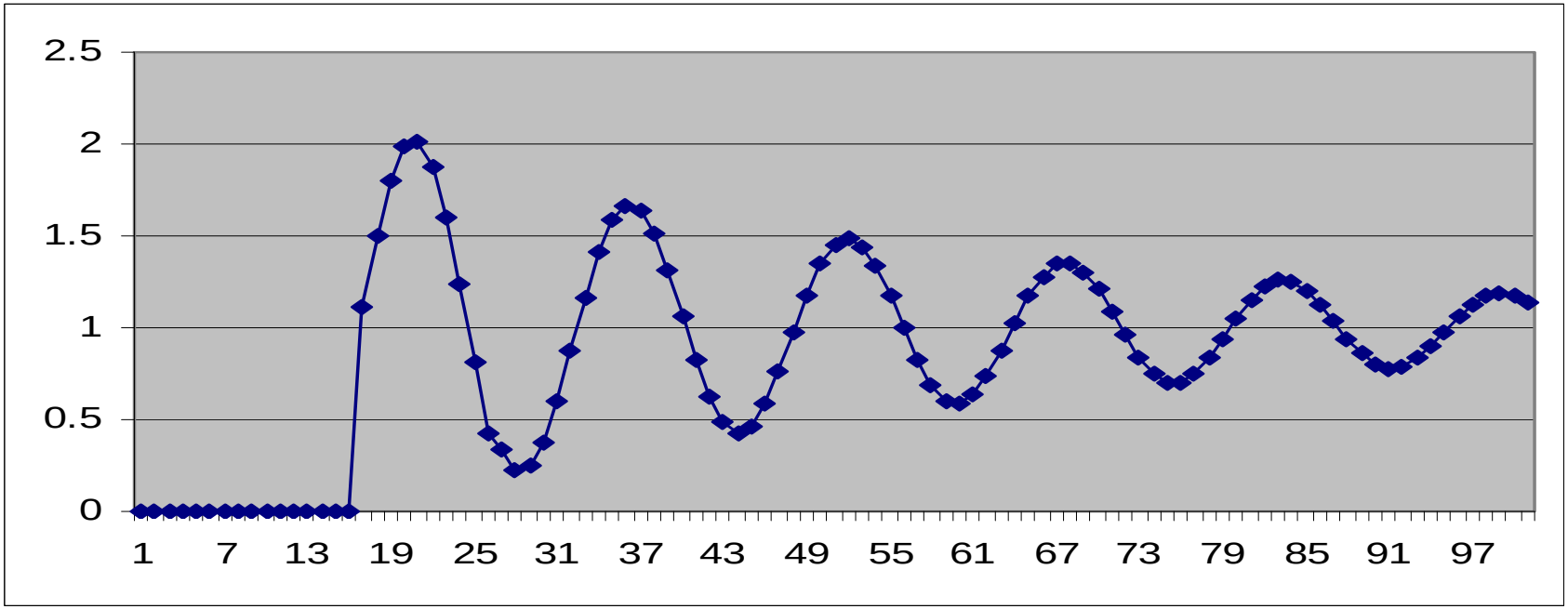
MRC Meeting
May 5, 2009

Open Loop (No Feedback)



Closed Loop (With Feedback)



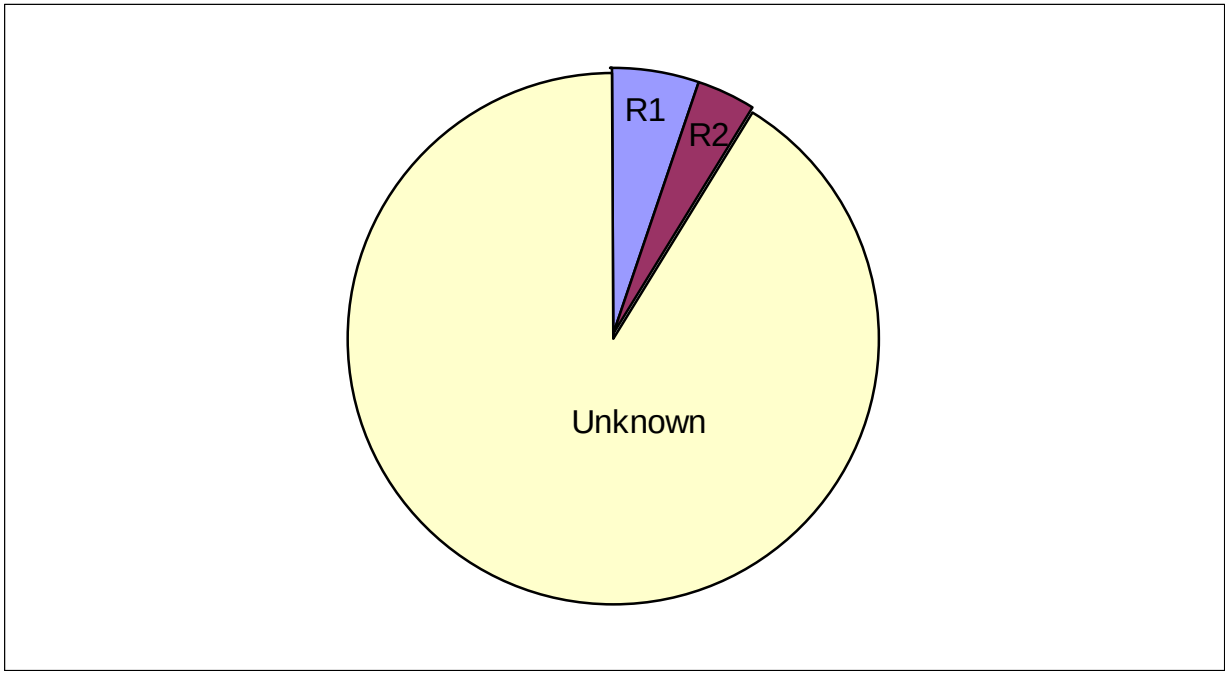


PRC-005 (Present)

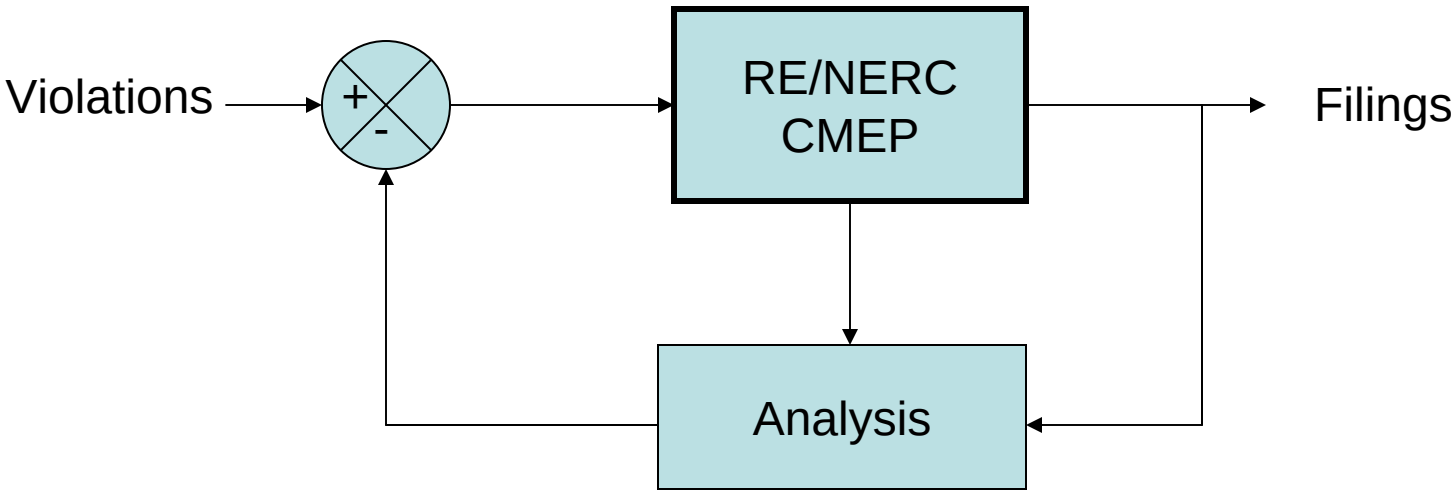
~300 Violations
(+ ~ 200 pre-
June 18, 2007)

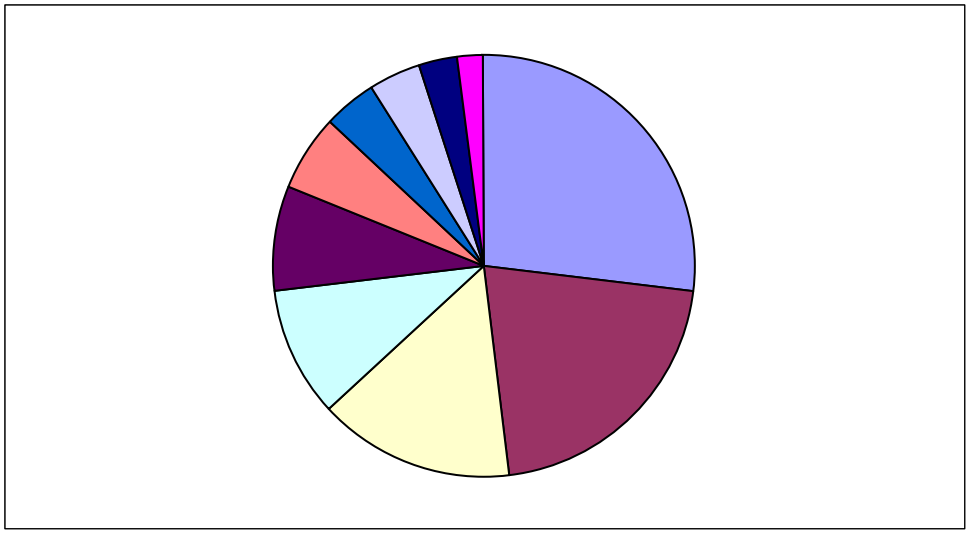
→ RE/NERC CMEP →

19 Filings
(13 R1, 6 R2)

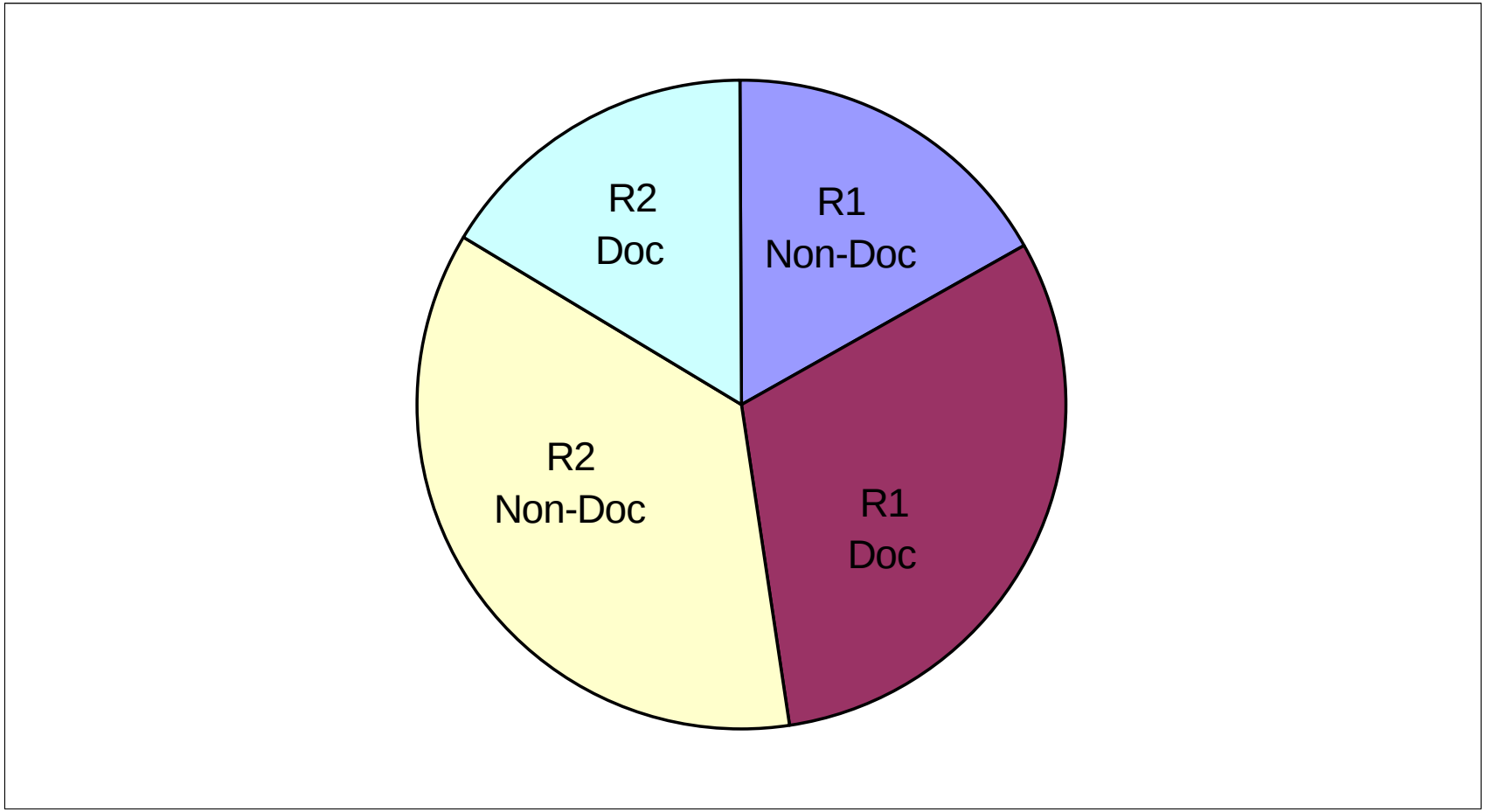


PRC-005 (Desired)





PRC-005 (Through 3/31/09)
Based on NERC Analysis of 291 Violations



PRC-005 (Desired)

- Pro-active notification to industry of identified concerns will enhance reliability
- Possible Broad Categories
  - No plan
  - Plan doesn’t cover all equipment
  - Equipment not entered into database
  - Problems with database software
  - Not understanding standard
  - Specific equipment missed
  - Equipment not tested within defined intervals

Recommendation

- Pilot using PRC-005 data
- Provide breakdown of violations in broad categories within 60 days
- If successful, follow-up with FAC-008 next

Agenda Item 8 (REVISED)
MRC Meeting
May 5, 2009

Three-Year Performance Assessment

Action Required

Discussion only (draft of three-year performance assessment posted April 27, 2009)

Background

Section 39.3(c) of the Commission's regulations requires NERC to file a performance assessment three years following its certification as the "electric reliability organization" under section 215 of the Federal Power Act and every five years thereafter. NERC's first performance assessment is due July 20, 2009. As a part of its performance assessment, NERC must include a performance assessment for each of the eight organizations designated as Regional Entities in the delegation agreements that NERC entered into and FERC approved. Section 39.3(c)(1) of FERC's regulations is specific about what must be included in the performance assessment:

> "(1) The Electric Reliability Organization's assessment of its performance shall include:
>
> "(i) An explanation of how the Electric Reliability Organization satisfies the requirements of § 39.3(b) [NOTE: Section 39.3(b) sets out the criteria NERC had to meet to become certified as the electric reliability organization];
>
> "(ii) Recommendations by Regional Entities, users, owners, and operators of the Bulk-Power System, and other interested parties for improvement of the Electric Reliability Organization's operations, activities, oversight and procedures, and the Electric Reliability Organization's response to such recommendations; and
>
> "(iii) The Electric Reliability Organization's evaluation of the effectiveness of each Regional Entity, recommendations by the Electric Reliability Organization, users, owners, and operators of the Bulk-Power System, and other interested parties for improvement of the Regional Entity's performance of delegated functions, and the Regional Entity's response to such evaluation and recommendations."

In orders subsequent to Order No. 672, FERC has indicated additional items that it wished to see discussed in the three-year performance assessment filing.

NERC's three-year performance assessment filing will contain the following:

- Overall three-year performance assessment
- Attachment 1
  - Discussion of How NERC Meets the ERO Certification Criteria of 18 C.F.R. §39.3(b)
  - NERC Program Area Statements of Activities and Achievements

- Attachment 2
  - Stakeholder and Regional Entity Comments and Recommendations
  - NERC Discussion of Comments and Recommendations and Specific Actions
- Attachment 3 [still under review and not posted]
  - NERC Assessment of Regional Entities
- Attachment 4
  - Regional Entity Self-Assessments
- Attachment 5
  - Stakeholder Survey Results

NERC and the Regional Entities posted a draft of background material for the three-year performance assessment on January 14, 2009. NERC and the Regional Entities also asked stakeholders to fill out an on-line questionnaire to assist NERC and the Regional Entities in completing the three-year assessment.

On April 27, 2009, NERC posted for review and comment NERC's overall performance assessment and Attachments 1, 2, 4, and 5. NERC continues to work on Attachment 3 (NERC's assessment of the Regional Entities), and a draft of Attachment 3 will be posted for review and comment in the near future. In addition to the discussion of the three-year performance assessment during the MRC meeting, NERC has scheduled a workshop devoted to a discussion of the three-year performance assessment for May 18, from 11:00 a.m. to 3:00 p.m., in Dallas, Texas. The deadline for written comments on the April 27th posting and on Attachment 3 is May 29th.

NERC has scheduled a board conference call for July 13 to take action on the final draft of the three-year performance assessment.

Process for Election of CEO-Level Executives to the ESSG

Action Required
Discussion

Background
The NERC Board approved the formation of the Electricity Sector Steering Group (ESSG) on May 7, 2008. On June 5, the MRC solicited nominations for the five CEO-level members and on June 29, elected two members for one-year terms ending June 30, 2009, and three members for two-year terms ending June 30, 2010.

The current members of the ESSG are:

Paul Murphy, CEO, Ontario IESO	2 years
Jim Torgerson, CEO, UIL Holdings	2 years
Ken Ksionek, CEO, Orlando Utilities	2 years
Gary Fulks, General Manager, Sho-Me Power	1 year
Paul Bonavia[1], Utilities Group President, Xcel Energy	1 year

The MRC will again solicit nominations from the industry for two members of the ESSG to serve two-year terms beginning July 1, 2009 and ending June 30, 2011.

According to Section 4.3.a of the ESSG Charter (attached), "Annually, staring June 1, the NERC MRC will accept nominations for three weeks ending on June 21 (or the next business day), for qualified individuals to serve on the ESSG."

NERC will issue the request for nominations on or about June 1. The MRC plans to hold a conference call meeting on June 29, 11 a.m. EDT, to review the nominations and elect two members of the ESSG to replace the members whose terms are expiring.

MRC chairman, Steven Naumann, will respond to any questions about this process.

[1] Mr. Bonavia has recently changed employment and has resigned from the ESSG. MRC chairman, Steven Naumann, named Tim Taylor, or Public Service Co. of Colorado, as a replacement to serve the remainder of Mr. Bonavia's term ending June 30, 2009, after which a new member will be elected according to the procedure described above.

Board of Trustees Nominating Committee Process

Action Required
Discussion

Background
Chairman Naumann reported on the MRC's April 6, 2009, conference call meeting that he was seeking volunteers to serve on the Board 2009 Nominating Committee to develop and recommend a slate of board members for election at the February 15, 2010 MRC meeting. Board member Ken Peterson will chair the Nominating Committee.

Chairman Naumann emphasized the importance of participating fully in the meetings and conference calls of the Nominating Committee, and noted the critical steps and timeline in the process: organizing conference calls (at or before August MRC/BOT meetings); making a choice of search firms (August); review short list and narrow candidates (mid November); and interview final candidates and make recommendations (1st week of December).

MRC members interested in volunteering for this assignment were requested to do so by e-mail to Chairman Naumann (steven.naumann@exeloncorp.com) with copies to committee Vice Chairman Ed Tymofichuk (tetymofichuk@hydro.mb.ca) and committee Secretary Dave Nevius (dave.nevius@nerc.net) no later than April 20, 2009.

In response to this solicitation, four members of the MRC expressed interest in serving with Chairman Naumann and Vice Chairman Tymofichuk on the nominating committee. The following list of MRC representatives, in priority order, will be submitted to the Board Nominating Committee, which will determine the number of MRC representatives that are included:

Steve Naumann (MRC chairman)
Ed Tymofichuk (MRC vice chairman)
John A. Anderson (ELCON, representing large end-use customers)
James Keller (Wisconsin Electric Power, representing Regional Entities— RFC)
William Gallagher (Transmission Access Policy Study Group, representing TDUs)
Dale Landgren (American Transmission Company, LLC, representing Regional Entities—MRO)

Agenda Item 11
MRC Meeting
May 5, 2009

Cyber Risk Preparedness Assessment

Action Required
None

Background
The level of sophistication, persistence, determination, and technical capability of cyber adversaries seeking to attack critical systems of the North American critical infrastructure are on the rise. In addition, cyber adversaries have re-invested their gains into developing more sophisticated means to exploit systems. Policy makers and industry leaders across North America are concerned about the impact that emerging cyber threats might have on the reliability of the bulk power system (BPS).

Control systems encompass a variety of digital control systems (DCS), supervisory control and data acquisition systems (SCADA), and other technologies that are essential to our North America's electricity production and delivery. These systems enable accurate and efficient control of power system assets, and like any interconnected modern technology, these systems could be subject to malicious cyber attacks. Currently, there is no existing gauge for how well relevant government organizations, BPS Registered Entities, and the mechanisms for ensuring reliability of the BPS will manage if cyber threat actors begin to target electric industry systems in earnest.

To meet this challenge, NERC has developed the Cyber Risk Preparedness Assessment (CRPA). The CRPA is a project designed to assess the current cyber resiliency capabilities of BPS entities and the adequacy of existing reliability mechanisms related to the highly unique nature of cyber threats. By conducting such an assessment, NERC can target key areas for improvement and areas of best practices (successes) can be shared with industry. In addition, government information sharing activities and Electricity Sector Information Sharing and Analysis Center (ES-ISAC) operations can be assessed as well. By working with stakeholders, the CRPA will serve as a benchmark that can be used to:

- Identify and prioritize significant technical concerns such as attacker tactics against critical infrastructure systems, telecommunication paths, and general/special information technology networks;
- Identify specific needs for improved research and development into advanced intrusion prevention, intrusion detection, holistic system defense, unique technology vulnerabilities, cyber security testing, and security tool development;
- Identify mitigation and recovery strategies; and
- Assess levels of training needed for personnel working in the area of cyber security and BPS reliability.

The CRPA will also provide the opportunity to educate participants and, through carefully defined deliverables, share effective practices and impart knowledge to all BPS entities. Moreover, the CRPA will provide participating entities with the experience needed to support NERC CIP compliance and provide them a framework for building a self-sustaining assessment capability for their cyber risk preparedness.

It is important to note that the CRPA is not a test, nor is it an activity to inspect, evaluate, or audit compliance with NERC CIP Reliability Standards. CRPA is also not a mandatory program. The goal of the program is to obtain a detailed understanding of capability gaps and associated mitigation measures, and to provide for effective resilience and recovery activities as it pertains to the cyber security of the BPS. As such, the participation of volunteer entities with responsibility for the reliability of the BPS is critical to success.

CRPA Methodology

NERC will engage experts to develop technically-grounded cyber incident scenarios (threat based), and use them as the basis for evaluating how BPS entities might detect and respond to attacks, identify any measures to improve cyber risk management, and identify needs to improve overall preparedness. NERC will leverage and expand existing analytic research, and end-to-end system testing efforts sponsored by U.S. government programs to develop technically-grounded scenarios. These scenarios will be based on existing and emerging cyber security attack techniques. A helpful by-product will be the educational opportunities for volunteer organizations and affiliated BPS entities to consider this abbreviated library of cyber security threats in their own assessment programs.

Using cyber threat and attack scenarios, this NERC-sponsored project will conduct a qualitative, expert-based assessment of the preparedness of BPS entities to detect, respond to, and limit the potential damage caused by plausible cyber incidents. NERC will work with industry associations to identify volunteers that represent an appropriate sample set of BPS entities.

This assessment will focus on BPS entities' abilities to protect their cyber assets and improve preparedness regarding their cyber security posture. This will be done by examining an entity's ability to defend their information systems, deter/deny attacks against those systems, detect attacks against their own or their peer systems, and respond to cyber attacks in a timely and efficient manner. It will also assess the ability of BPS entities to isolate and limit attacks such that a system is able to withstand subsequent equipment losses and be restored quickly.

The objective is to leverage technically-grounded cyber threat scenarios as the basis for assessing how BPS entities might detect, respond to, mitigate, and report cyber incidents, and to identify any capability gaps in their cyber security posture. This in turn will be used to identify steps required to improve overall BPS preparedness. During the CRPA, NERC will appropriately share the metrics, recommendations, and analysis through the Electricity Sector Steering Group (ESSG) and with members.

The scenarios will be used to assess entities' preparedness based on the following capabilities to:

- Detect cyber attacks;
- Prevent cyber attacks;
- Technically respond to cyber attacks;
- Manage their electronic systems and electric assets to minimize potential damage;
- Communicate and coordinate effectively with interconnected neighbors and Reliability Coordinators to contain the impact on the BPS; and
- Communicate and coordinate effectively with appropriate local and federal authorities.

Information discovered during the assessments that is deemed critical (as it relates to the cyber protection of the BPS) will be shared rapidly with BPS entities. The project's communications plan will include steps to identify what information can be shared at various points throughout the project lifecycle, and appropriate means for communicating that information to BPS entities. As it is expected that some or all of the information will be confidential, and as such defined as Critical Energy Infrastructure Information, stringent protocol to remove attribution from BPS entities will be maintained. All outreach efforts will be evaluated against the "does no harm to reliability" rule and will be conducted in a prudent fashion so as to not inadvertently attribute findings to an entity or to disclose existing vulnerabilities and weaknesses. Appropriate federal-level markings will be used for protecting access to any project-related materials that require them.

Goals and Objectives

Perhaps the greatest value the CRPA will provide relates to the new and detailed cyber preparedness information that will be obtained. This data can be used to help remove the barrier of limited understanding of risk, a barrier that can inhibit cyber security investments and improvements projects. By working with BPS responsible entities, the results and findings will have significant impact, helping ensure current and future BPS cyber security activities are adequate, appropriate, and well understood.

The CRPA can specifically achieve the following benefits for the electric sector:

- Develop a common understanding of risk factors that include threat and consequences;
- Evaluate the preparedness of bulk power system entities and reliability mechanisms to cyber attacks;
- Identify gaps that can be closed through proactive efforts by bulk power system entities, government driven research and development efforts, government operational risk management efforts, and security technology product and service providers;
- Provide a basis for ongoing cyber risk assessment efforts;
- Help assess the risk associated with, and prioritize, cyber vulnerabilities and response capabilities;
- Demonstrate and rate existing threats and validate potential consequences; and
- Set targets for future BPS cyber security enhancement efforts.

Getting Involved

NERC, working in partnership with the Department of Energy, will go onsite to volunteer BPS entities and conduct a multi-day, multi-scenario table top exercise to assess cyber security preparedness. The assessment criteria will be developed and consistently applied to all entities participating in the table top exercises. As the timeline for a successful CRPA is underway, having the requisite participants is vital to program success. To do this, NERC will work with industry associations to identify volunteers that represent an appropriate sample set of BPS entities.

As a responsible entity, you are invited to inquire about how you can participate in the CRPA and take part in a program that will have definitive positive impact on the cyber security and resiliency of the BPS.

For more information on the CRPA, or to find out how you can be involved, contact Tim Roxey, NERC Manager – Critical Infrastructure Protection at tim.roxey@nerc.net.

Cyber Risk Preparedness Assessment Communications

Background

Information collected by NERC's Cyber Risk Preparedness Assessment will be of a highly-confidential nature, but, in aggregate, will also provide critical information that may assist the broader industry in protecting critical infrastructure from attack.

This plan is designed to govern the release of that information. It also includes an additional component, designed to address the public relations concerns around the initial launch of the project and its ongoing findings.

Principles

- Information collected is confidential between NERC and the volunteer entity.
- No information will be shared that implicates a particular entity.
- NERC will not work with public entities to avoid FOIA and sunshine law implications for the volunteer entities.
- Volunteers can decide to publically or privately disclose their involvement.
- Findings will be provided to the ESSG in closed session to provide guidance for distribution and follow-up actions.
- Aggregated or generalized findings may be shared through reports, workshops, NERC's alerts vehicle, with handling restrictions determined on each issue, etc.
- NERC may be required to share aggregated or generalized findings with appropriate governmental authorities.

Communications Vehicles

Alerts

NERC alerts are designed to improve reliability by disseminating critical reliability information and are made available pursuant to Rule 810 of NERC's Rules of Procedure. Alerts take three forms:

Industry Advisory – these alerts are purely informational, intended to alert Registered Entities to potential problems.

Recommendation to Industry – these alerts are intended to recommend specific action to be taken by Registered Entities and require entities to respond to a questionnaire accompanying the recommendation.

Essential Action – these alerts are intended to require specific action by Registered Entities and require NERC board approval prior to issuance. Similar to recommendations, these alerts also require entities to respond to a questionnaire accompanying the essential action.

Awareness Bulletins
NERC periodically issues awareness bulletins to users, owners, and operators of the bulk power system to raise awareness of issues which may affect the reliability of the bulk power system in North America.

NERC.com Discussion Forum
As NERC improves its Web site, generalized topics may be posted in a secure area for facilitated industry discussion.

Additional Venues
Information shared in other public forums may be used to develop content for NERC webinars or workshops.

Annual Report
NERC may publish an annual report of summarized or generalized findings from this assessment, with the goal of developing measurable benchmarks and tracking progress.

Public Relations

NERC understands the sensitivity of information surrounding cyber security, cyber vulnerabilities, and entities preparedness to address these issues.

While NERC will make every effort to ensure that confidential, entity-specific information remains confidential, there remains a risk that such information could be discovered by the press – either via unauthorized information sharing by a participant, a security incident, or unintended disclosure. In this case, NERC would neither confirm nor deny the information shared and would work with the entity to respond to negative coverage as best as possible.

As NERC launches the program, there is significant risk that explanatory documents – such as the "socialization document" currently included on the MRC agenda – could be misinterpreted by the media. Creating a message ahead of any such stories will be important to controlling media coverage of the CRPA. NERC proposes issuing a joint-press release with associations explaining the project and highlighting industry's commitment to ensuring the best possible response to cyber vulnerabilities or threats.

Cyber Security Order 706 Standard Drafting Team - Project 2008-06

Action Required
None

Background
The Cyber Security Standard Drafting team is tasked with revising the CIP Standards to address FERC Order 706 directed modifications to the cyber security standards, consider other cyber standards, ensure conformance with the latest version of NERC's Rules of Procedure, and address issues raised by the industry in the SAR. Due to the scope and controversial nature of the project, the drafting team adopted a multi-phase strategy to revise the CIP Standards. Phase 1 of the project includes modifications to the CIP Standards (CIP-002-1 through CIP-009-1) to comply with the near term specific directives included in FERC Order 706 that the "... ERO modify the CIP Reliability Standards through its Reliability Standards development process to remove references to reasonable business judgment before compliance audits begin in 2009." Issues that require significant industry debate are under consideration by the drafting team in the next phase.

Phase I Update
- Ballot posted for 30-day pre-ballot review on March 3, 2009
- First round ballot April 1 through April 10, 2009
  (91.90% of those who joined the ballot pool returned a ballot, and the initial ballot achieved a weighted affirmative vote of 84.06%. There were only 24 negative ballots submitted.)
- Recirculation ballot April 17 through April 27, 2009
- Board of Trustees approval expected May 6, 2009
- Submit to regulators June 2009

Next Phase Preview
The drafting team is deliberating proposed improvements to CIP-002 approach and methodology. The primary concerns that are being studied are how to assess and categorize the impact of electric system equipment on the BES and how to categorize the related Cyber System impacts on the BES to achieve Adequate Levels of Reliability.

The Standard Drafting Team is preparing a white paper as part of its study process to explore and establish the various approaches that can be followed to achieve these primary objectives. To-date, consensus in the SDT has been achieved on the following proposals:
- The CIP Standards should require a bulk electric system (BES) impact assessment as an initial approach to categorizing BES Cyber Systems.
- The impact categorization of Cyber Systems will be based on reliability functions of the BES to achieve Adequate Levels of Reliability.
- The CIP Standard's BES Impact Assessment will consider a categorization process.
- The CIP Standards will require oversight of the categorized list of BES assets by entity types that have a more complete wide-area view of the BES.

- The CIP Standards will categorize Cyber Systems supporting, either directly or indirectly, the reliability functions of the BES and apply security requirements (or controls) that are commensurate and appropriate to their potential impact on the BES.
- The final Cyber System categorization will reflect the impact to the BES based on a loss of availability, integrity, or confidentiality of the Cyber System.
- The CIP Standards will provide Organizations with reasonable flexibility in applying equivalent security controls on the basis of compensating controls and environmental considerations.
- The CIP Standards will address the complex nature of BES functions and interconnected Cyber Systems, both within and between multiple organizations.
- The CIP Standards will state explicit criteria for the BES Impact Assessment.
- The CIP Standards will state explicit criteria for the Cyber Impact Assessment (including use and misuse of cyber systems).
- The CIP Standards will include a methodology to merge the BES Impact Assessment and Cyber Impact Assessment into a final Cyber System categorization.

Jeri Domingo-Brewer, chair of the Standard Drafting Team will provide a brief status report to the committee.

Operating Reliability Data Agreement

Action Required
None

Attachments
North American Electric Reliability Corporation Confidentiality Agreement for Electric System Operating Reliability Data (Redline)

Background
The Operating Reliability Data Agreement ("ORD Agreement") is the basic mutual confidentiality agreement under which Reliability Coordinators, Transmission Operators, and Balancing Authorities exchange real-time operating data for the bulk power system (BPS). The ORD Agreement permits access to such information on a need-to-know basis. Real-time operating data may not generally be disclosed to those engaged in market activities unless the information is disclosed in a non-discriminatory way. Real-time operating data is also considered critical energy infrastructure information and protected as such.

SAFNR Project
The Reliability Coordinators, NERC, the Regional Entities, and FERC staff have developed a situational awareness and visualization project (Situational Awareness for FERC, NERC, and the Regional Entities, or SAFNR) that would make use of a subset of operating reliability data and create a common set of displays about the near-real time status of the BPS that FERC, NERC, the Regional Entities, and the Reliability Coordinators would be looking at. The project should improve understanding and communication about the status of the BPS among all the entities involved. The project is expected to begin June 1, 2009.

To facilitate implementation of the project, it is necessary to amend the ORD Agreement to permit disclosure of the necessary subset of operating reliability data (defined as "Situational Awareness Information") to FERC. The proposed amendments define an "Eligible Governmental Authority" as a U.S. Federal agency or department that (i) has jurisdiction over a portion of the BPS, (ii) requests access to the Situational Awareness Information, and (iii) agrees to treat that information as confidential or critical energy infrastructure information. The amendments are U.S.-focused, because FERC is requesting only U.S. information, and no Canadian authority has indicated an interest in having access to such information. The principal amendment to the ORD Agreement is to authorize disclosure of Situational Awareness Information to an Eligible Governmental Authority.

We have taken the occasion of the SAFNR Project amendments to make other technical improvements to the ORD Agreement. Conforming changes to Annex 1 and Annex 2 to the ORD Agreement are also included.

Transition Period

There are in excess of 150 signatories to the ORD Agreement, so a transition period will be necessary to move from the current version of the agreement to the amended one. NERC last amended the ORD Agreement in August 2005, and the 2005 transition plan had these elements:

1. NERC signed the new ORD Agreement the day after board approval;
2. After board approval, no new entities were eligible to sign the current agreement;
3. The validity of the then-current agreement was originally to end 90 days after board approval;
4. During the 90-day period, both agreements were in force;
5. NERC worked to get all signatories on new agreement as promptly as possible after board approval;
6. NERC needed to extend the effectiveness of the old agreement for a few additional months to get all signatories to sign the new agreement.

For the 2009 transition, management recommends the following elements:

1. NERC will sign the ORD Agreement, Version 3, promptly after board approval;
2. ORD Agreement, Version 3, will become effective as to each entity at the time the entity signs ORD Agreement, Version 3;
3. After board approval, new entities or signatories will only be eligible to sign ORD Agreement, Version 3;
4. The existing ORD Agreement shall remain in effect for a period of 120 days to provide a transition period, except that the existing agreement shall remain in effect beyond the 120-day for NPCC and entities within NPCC;
5. During the 120-day period, both agreements shall be in force;
6. The Regional Entities are requested to assist NERC in getting signatories to sign Version 3 of the ORD Agreement as promptly as possible;
7. The NERC CEO shall have the authority to extend the effective date of the existing ORD Agreement, either generally or for particular entities, as he judges appropriate.

Continuing the effectiveness of the existing ORD Agreement for NPCC and entities within NPCC is occasioned because the NPCC entities will be making Situational Awareness Information available under a different set of agreements than the remaining reliability coordinators. This different treatment is necessitated by current restrictions on the extent to which information from Canada is made available to those outside Canada.

North American Electric Reliability Corporation Confidentiality Agreement for Electric System Operating Reliability Data

DRAFT Version 3

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1.0 Parties to this Agreement.

This Operating Reliability Data Confidentiality Agreement ("ORD Agreement") is an agreement among the signatories to this document and to the annexes to this document, and between each of the signatories and the North American Electric Reliability Corporation ("NERC") (collectively, "Parties").

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2.0 Background.

To maintain the reliable operation of the bulk power system, NERC Reliability Standards require that specific information regarding operating conditions on the bulk power system (referred to in this ORD Agreement as "Operating Reliability Data") be made available to Balancing Authorities, Transmission Operators, Reliability Coordinators, other entities responsible for real-time operating reliability, and to NERC. Because Operating Reliability Data may contain proprietary information and because unequal access to Operating Reliability Data may result in unfair advantages and disadvantages in the electricity markets, the availability and confidentiality of this data must be protected in order to ensure that it is available only to those responsible for maintaining bulk power system operating reliability, and not made available in a preferential or discriminatory manner to entities engaged in Merchant Functions. The increased responsibility of NERC, the Regional Entities, and the Federal Energy Regulatory Commission for overseeing reliability matters means those organizations have a need for sufficient access to a subset of Operating Reliability Data related to the United States portion of the bulk power system to enable those organizations to view near real-time monitoring displays of the Reliability Coordinators and specified core data related thereto (such subset referred to in this ORD Agreement as "Situational Awareness Information").

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3.0 Definitions.

3.1 **In General.** Terms used in this ORD Agreement have the definitions contained in the NERC Glossary of Terms Used in Reliability Standards and in the NERC Rules of Procedure, as amended from time to time, unless otherwise stated.

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3.2 **Disclosing Party.** A signatory to this ORD Agreement that supplies Operating Reliability Data, either manually or automatically, to its Reliability Coordinator, other Reliability Coordinators, or other entities that are directly responsible for the immediate, real-time operations of the bulk power system, and to NERC and Regional Entities. The term includes NERC and Regional Entities.

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3.3 **Eligible Governmental Authority.** An agency or department of the U.S. federal government having jurisdiction over a portion of the bulk power system that (i) requests access to Situational Awareness Information, (ii) has the capability to protect Situational Awareness Information as confidential information or critical energy infrastructure information, and (iii) agrees to protect such Situational Awareness Information as confidential information or critical energy infrastructure information.

3.4 **Merchant Employee.** Within an organization, any employee who engages in Merchant Functions.

3.5 **Merchant Function.** The purchase or sale, at either wholesale or retail, of electric energy or capacity.

3.6 **Nuclear Generating Plant.** The control center for a particular nuclear generating plant that has need for real-time information regarding the status of the transmission system with which it is interconnected.

3.7 **Operating Reliability Data.** All system control information and metered data shared between operating entities that are signatories to this ORD Agreement. Such information and data currently include, but are not limited to voltages, line flows, interchange schedules, e-tags, load projections, planned generation and transmission outages, breaker status, and phasor measurements, regardless of the periodicity of the data being metered or exchanged. Computer applications and data exchange systems that carry Operating Reliability Data include, but are not

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limited to, ICCP, the Interregional Security Network, the Reliability Coordinator Information System, the Interchange Distribution Calculator, the System Data Exchange, ACE/Frequency Monitoring tools, phasor data concentrators, and real-time phasor displays.

3.8 **Recipient Party.** A signatory to this ORD Agreement that (i) is directly responsible for the immediate, real-time operations of the bulk power system, or (ii) uses Operating Reliability Data for analyzing system performance, standards compliance, and producing value-added information for use by operating entities, and that receives Operating Reliability Data, directly from a Disclosing Party or by means of data-sharing systems maintained by NERC. The term includes NERC and Regional Entities.

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3.9 **Small Bundled Entity.** An entity that has not unbundled its Merchant Function and meets the requirements established by the Federal Energy Regulatory Commission in Order No. 888 for an exemption from the requirement to unbundle its Merchant Function from its transmission functions.

4.0 Limitations on Exchange of Data.

4.1 Except as otherwise provided in this ORD Agreement, Operating Reliability Data will be available only to those entities who are both (i) directly responsible for immediate real-time operating reliability of a portion of the bulk power system or otherwise have a need for access to data concerning immediate, real-time operations of the bulk power system (including NERC and Regional Entities), and (ii) signatories to this ORD Agreement.

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4.2 Operating Reliability Data that is made available to all market participants in a fair and non-discriminatory manner through the NERC web site or by means of tools (e.g., the Flow Impact Study Tool) that are available on reasonable terms and conditions to all market participants shall not be covered by this ORD Agreement.

4.3 Nothing in this ORD Agreement restricts in any way a Party's right or ability to make its own information and data that otherwise falls within the definition of

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Operating Reliability Data available to third parties on such terms and conditions as that Party, in its sole discretion, deems appropriate.

4.4 Disclosing Parties agree to the following disclosures by the Recipient Parties:

4.4.1 Recipient Parties may disclose Operating Reliability Data to employees, agents, consultants or attorneys ("Representatives") who have a need to know for the purposes of analyzing or maintaining bulk power system operating reliability at the Recipient Party's initiative. However, prior to providing Operating Reliability Data to such Representatives, the Recipient Party shall ensure that such Representatives (i) are aware of the confidentiality obligations surrounding the Operating Reliability Data, and (ii) are under obligations of confidentiality to the Recipient Party that are at least as restrictive as those contained herein. The Recipient Party shall be responsible for any breach of this ORD Agreement by any of its Representatives.

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4.4.2 The Parties recognize that the Recipient Parties may employ or otherwise engage third-party information technology individuals ("Third-Party IT Providers") who may have access to the Operating Reliability Data in the normal course of their development, general maintenance, and support service activities to the Recipient Party. Such access for the limited purposes of performing development, maintenance, and support service activities is acceptable to the Parties, provided that such Third-Party IT Providers are under obligations of confidentiality to the Recipient Party that are at least as restrictive as those contained herein. The Recipient Party shall be responsible for any breach of this ORD Agreement by any of its Third-Party IT Providers.

4.4.3 A Recipient Party may disclose U.S, Situational Awareness Information to an Eligible Governmental Authority.

5.0 Conditions for Access to Data.

As a condition to obtaining access to Operating Reliability Data, each Recipient Party agrees to the following requirements:

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5.1 No Merchant Employee of the Recipient Party or its affiliate shall have access to the Operating Reliability Data received from other entities.

5.2 Employees of the Recipient Party or employees of an affiliate who are engaged in transmission system operation reliability functions shall not disclose to Merchant Employees of the Recipient Party or its affiliate any Operating Reliability Data received from other entities, except as compelled by law or judicial or regulatory order or directive.

5.3 The Recipient Party shall not, even under conditions of confidentiality, make available, disclose, provide, or communicate any Operating Reliability Data to any other entity or person who is not a signatory to this ORD Agreement except as (i) compelled by law or judicial or regulatory order or directive or (ii) permitted by this ORD Agreement.

5.4 The Recipient Party will exercise all reasonable efforts against the compelled disclosure of Operating Reliability Data to any party who is not a signatory to this ORD Agreement. In the event disclosure of Operating Reliability Data is sought from a Recipient Party by judicial or regulatory order or directive, the Recipient Party shall provide immediate notice to all Disclosing Parties from which Recipient Party received Operating Reliability Data and furnish all reasonable assistance requested by those Parties in protecting the confidential nature of the Operating Reliability Data for which disclosure is sought.

5.5 The Recipient Party will educate its employees, and employees of an affiliate engaged in transmission system operations, in the provisions of this ORD Agreement and, upon request, provide any information to NERC necessary to determine compliance with the terms and conditions of this ORD Agreement, including confidentiality agreements that include the provisions of this ORD Agreement.

5.6 Notwithstanding any other provision of this ORD Agreement, a Disclosing Party may disclose to a Small Bundled Entity Operating Reliability Data pertaining to the real-time operation of the Small Bundled Entity's own system if the Small Bundled Entity, the Disclosing Party, and NERC have executed the Limited

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Operating Reliability Data Agreement contained in Annex 1 to this ORD Agreement. NERC shall not execute the Limited Operating Reliability Data Agreement without the concurrence of the Small Bundled Entity's Reliability Coordinator. The Small Bundled Entity shall not be eligible to receive wide-area market-sensitive, real-time data under this provision.

5.7 Notwithstanding any other provision of this ORD Agreement, a Disclosing Party may disclose to a Nuclear Generating Plant, certain Operating Reliability Data pertaining to the real-time operation of the transmission system interconnected with the Nuclear Generating Plant if the Nuclear Generating Plant, the Disclosing Party, and NERC have executed the Nuclear Plant Operating Reliability Data Agreement contained in Annex 2 to this ORD Agreement. The Nuclear Generating Plant shall not be eligible to receive wide-area market-sensitive, real-time data under this provision.

6.0 Emergencies.

Notwithstanding any other provisions herein, in emergency circumstances that could jeopardize operating reliability, a Recipient Party may take whatever steps are necessary to maintain system operating reliability. The Recipient Party must report to its Reliability Coordinator each emergency that resulted in any deviation from this ORD Agreement within 24 hours of such deviation.

7.0 Disclaimer and Hold Harmless.

7.1 Each Recipient Party assumes any and all risk and responsibility for selection and use of, and reliance on, any Operating Reliability Data.

7.2 Each Recipient Party acknowledges and agrees that the Disclosing Party generates and gathers Operating Reliability Data to meet the Disclosing Party's sole needs and responsibilities. Each Recipient Party receives any and all Operating Reliability Data "as is" and with all faults, errors, defects, inaccuracies, and omissions. No Disclosing Party makes any representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any Operating Reliability Data pursuant to this ORD Agreement.

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Each Recipient Party disclaims and waives all rights and remedies that it may otherwise have with respect to all warranties and liabilities of each Disclosing Party, expressed or implied, arising by law or otherwise, with respect to any faults, errors, defects, inaccuracies or omissions in, or availability, timeliness, reliability or suitability of the Operating Reliability Data. Each Recipient Party assumes any and all risk and responsibility for selection and use of, and reliance on, any Operating Reliability Data. By entering into this ORD Agreement, each Disclosing Party does not hold itself out to provide like or similar service to any other entity.

7.3 Each Recipient Party acknowledges and agrees that NERC maintains various data sharing systems to facilitate maintenance of operating reliability by the Reliability Coordinators and other entities with responsibility for the operating reliability of the bulk power system, and that the supply and use of data in accordance with this ORD Agreement is the responsibility of the individual Recipient Parties and Disclosing Parties and not of NERC. NERC makes no representations or warranties whatsoever with respect to the availability, timeliness, accuracy, reliability, or suitability of any Operating Reliability Data provided pursuant to this ORD Agreement. Each Disclosing Party and Recipient Party disclaims and waives any rights or remedies that it might otherwise have against NERC for faults, errors, defects, inaccuracies, or omissions in, or availability, timeliness, accuracy, reliability or suitability of the Operating Reliability Data. Further, each Disclosing Party and Recipient Party disclaims and waives any rights or remedies that it might otherwise have against NERC for the neglect, wrongful, or unauthorized use or disclosure of the Operating Reliability Data by any Disclosing Party or Recipient Party.

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8.0 Term and Termination.

8.1 The term of this ORD Agreement shall commence immediately upon the signatures of an officer of a Party and an officer of NERC and shall remain in effect until terminated.

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8.2 Any Party wishing to terminate this ORD Agreement as to that Party shall notify NERC in writing of its desire to terminate this ORD Agreement. Termination shall be effective 30 days following acknowledgment of receipt of such written notice. Upon such termination that Party will be prohibited from further receipt of Operating Reliability Data.

8.2.1 Termination does not excuse the Party from supplying Operating Reliability Data if required by NERC Reliability Standards.

8.2.2 Termination does not excuse the Recipient Party from holding confidential any Operating Reliability Data it has received prior to the effective date of its termination.

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9.0 Laws and Regulations.

This ORD Agreement is subject to the laws, rules, regulations, orders and other requirements, now or hereafter in effect, of all regulatory authorities having jurisdiction over the Operating Reliability Data, this ORD Agreement, the Disclosing Parties, and Recipient Parties. All laws, ordinances, rules, regulations, orders and other requirements, now or hereafter in effect, of governmental authorities that are required to be incorporated in agreements of this character are by this reference incorporated in this ORD Agreement.

10.0 Non-Compliance.

A Party found not to be in compliance with this ORD Agreement by NERC or any other Party will be prohibited from further receipt of the Operating Reliability Data until NERC determines that the Party has resumed compliance with this ORD Agreement. Non-compliance does not excuse the Party from supplying Operating Reliability Data if required by NERC Reliability Standards, nor does it excuse the Party from holding confidential any Operating Reliability Data it has received prior to the non-compliance.

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11.0 Due Diligence.

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All signatories to this ORD Agreement shall use due diligence to protect the various data-sharing systems maintained by NERC and Operating Reliability Data from improper access.

12.0 Disputes.

12.1 Disputes arising over issues regarding this ORD Agreement will be resolved in the first instance through consultation of senior officials of the Parties involved, and thereafter in accordance with the dispute resolution procedures of the Party's Regional Entity.

12.2 The Parties acknowledge that Operating Reliability Data is proprietary, confidential or market sensitive and that disclosure of a Disclosing Party's Operating Reliability Data in breach of this ORD Agreement will result in irreparable harm and that monetary damages would not be an adequate remedy. Therefore the Parties agree that in the event of a breach or threatened breach of confidentiality, a Disclosing Party shall be entitled to injunctive relief in addition to any other legal remedies that may be available for any such breach or anticipated breach, without the necessity of posting a bond.

13.0 Governing Law.

This ORD Agreement shall in all respects be interpreted, construed and enforced in accordance with the laws of the State of New Jersey, without reference to rules governing conflicts of law, except to the extent such laws may be preempted by the laws of the United States of America, Canada, or Mexico, as applicable.

14.0 Integration.

This ORD Agreement constitutes the entire agreement of the Parties with regard to Operating Reliability Data exchanged between them. This ORD Agreement may be signed in multiple originals.

PARTY:

By: _____

Name:

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NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

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Annex 1 to North American Electric Reliability Corporation Confidentiality Agreement for Electric System Operating Reliability Data

Limited Operating Reliability Data Agreement for Small Bundled Entities

1.0 Parties.

This Limited Operating Reliability Data Agreement ("Limited Data Agreement") is entered into by the North American Electric Reliability Corporation ("NERC"), [INSERT NAME OF DISCLOSING PARTY], a disclosing party under the NERC Confidentiality Agreement for Electric System Operating Reliability Data, Version 3 ("ORD Agreement"), and [INSERT NAME OF SMALL BUNDLED ENTITY], a Small Bundled Entity as defined in the ORD Agreement.

2.0 Purpose.

The purpose of this Limited Data Agreement is to permit an entity that (i) has not functionally separated its transmission and merchant functions and (ii) meets the requirements established by the Federal Energy Regulatory Commission in Order No. 888 for an exemption from the requirement to unbundle its merchant function from its transmission functions to have access to operating reliability data pertaining to the real-time operation of the Small Bundled Entity's own system without the Small Bundled Entity's having to meet all the requirements of the ORD Agreement.

3.0 Scope and Exceptions.

3.1 All provisions of the ORD Agreement are incorporated herein by reference as if fully set forth and shall apply to the Small Bundled Entity except those provisions identified in paragraph 3.2 of this Limited Data Agreement.

3.2 The following paragraphs of the ORD Agreement shall NOT apply to the Small Bundled Entity:

(i) Paragraph 4.1: Except as otherwise provided in this ORD Agreement, operating reliability data will be available only to those entities that are both (i) directly responsible for immediate real-time operating reliability of a portion of the bulk electric system or otherwise have a need for access to data concerning immediate, real-time operations of the bulk electric system (including NERC), and (ii) signatories to this ORD Agreement.

(ii) Paragraph 5.1: No merchant employee of the recipient party or its affiliate shall have access to the operating reliability data received from other entities.

(iii) Paragraph 5.2: Employees of the recipient party or employees of an affiliate who are engaged in transmission system operation reliability functions shall not disclose to merchant employees of the recipient party or its affiliate any

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operating reliability data received from other entities, except as compelled by law or judicial or regulatory order or directive.

4.0 Conditions of Access.

4.1 As a condition to being granted access to operating reliability data under this Limited Data Agreement, the Small Bundled Entity agrees as follows:

4.1.1 The Small Bundled Entity shall use the operating reliability data it receives under this Limited Data Agreement only for the purpose of the real-time operation of its own system and not for any commercial purpose; and

4.1.2 The Small Bundled Entity shall not disclose operating reliability data received under this Limited Data Agreement to any other person except as provided for in Paragraph 5.3 of the ORD Agreement.

5.0 No Obligation to Disclose.

5.1 This Limited Data Agreement does not create any obligation on the part of NERC or the disclosing party to disclose operating reliability data to the Small Bundled Entity.

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SMALL BUNDLED ENTITY:

By:

Name:

Title:

Date:

DISCLOSING PARTY:

By:

Name:

Title:

Date:

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

By:

Name:

Title:

Date:

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Annex 2 to North American Electric Reliability Corporation Confidentiality Agreement for Electric System Operating Reliability Data

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Nuclear Plant Operating Reliability Data Agreement

1.0 Parties.

This Nuclear Plant Operating Reliability Data Agreement ("Nuclear Plant Data Agreement") is entered into by the North American Electric Reliability Corporation ("NERC"), [INSERT NAME OF DISCLOSING PARTY], a disclosing party under the NERC Confidentiality Agreement for Electric System Operating Reliability Data, Version 3 ("ORD Agreement"), and [INSERT NAME OF NUCLEAR GENERATING PLANT], a nuclear generating plant as defined in the ORD Agreement.

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2.0 Purpose.

Nuclear generating plants must meet more stringent requirements than do other generating plants. The purpose of this Nuclear Plant Data Agreement is to permit an entity that operates a nuclear generating plant to have access to operating reliability data pertaining to the real-time status of the transmission system to which it is connected to enable the nuclear generating plant to meet regulatory requirements regarding monitoring grid conditions to determine the operability of offsite power systems under plant technical specifications and for consideration in maintenance risk assessments. Such data would not normally be available to a generating plant operator under the terms of the ORD Agreement.

3.0 Scope and Exceptions.

3.1 All provisions of the ORD Agreement are incorporated herein by reference as if fully set forth and shall apply to the nuclear generating plant except that paragraph 4.1 of the ORD Agreement shall NOT apply to the nuclear generating plant.

3.2 Paragraph 4.1 of the ORD Agreement states as follows:

> Except as otherwise provided in this ORD Agreement, operating reliability data will be available only to those entities who are both (i) directly responsible for immediate real-time operating reliability of a portion of the bulk electric system or otherwise have a need for access to data concerning immediate, real-time operations of the bulk electric system (including NERC), and (ii) signatories to this ORD Agreement.

4.0 Conditions of Access.

4.1 As a condition to being granted access to operating reliability data under this Nuclear Plant Data Agreement, the nuclear generating plant agrees as follows:

4.1.1 The nuclear generating plant shall use the operating reliability data it receives under this Nuclear Plant Data Agreement only for the purpose of monitoring grid conditions to

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determine the operability of offsite power systems under plant technical specifications and for consideration in maintenance risk assessments and related matters;

4.1.2 The nuclear generating plant shall not disclose operating reliability data received under this Nuclear Plant Data Agreement to merchant employees of the nuclear generating plant or of any of its affiliates; and

4.1.3 The nuclear generating plant shall not disclose operating reliability data received under this Nuclear Plant Data Agreement to any other person except as provided for in Paragraph 5.3 of the ORD Agreement.

5.0 No Obligation to Disclose.

5.1 This Nuclear Plant Data Agreement does not create any obligation on the part of NERC or the disclosing party to disclose operating reliability data to the nuclear generating plant.

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NUCLEAR GENERATING PLANT:

By:

Name:

Title:

Date:

DISCLOSING PARTY:

By:

Name:

Title:

Date:

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

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By:

Name:

Title:

Date:

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Training and Education

Action Required
None

Training and Education Program
The Training and Education program develops and maintains appropriate training and education activities for NERC staff, regional entity staff, industry participants and regulators affected by new or changed reliability standards or compliance requirements.

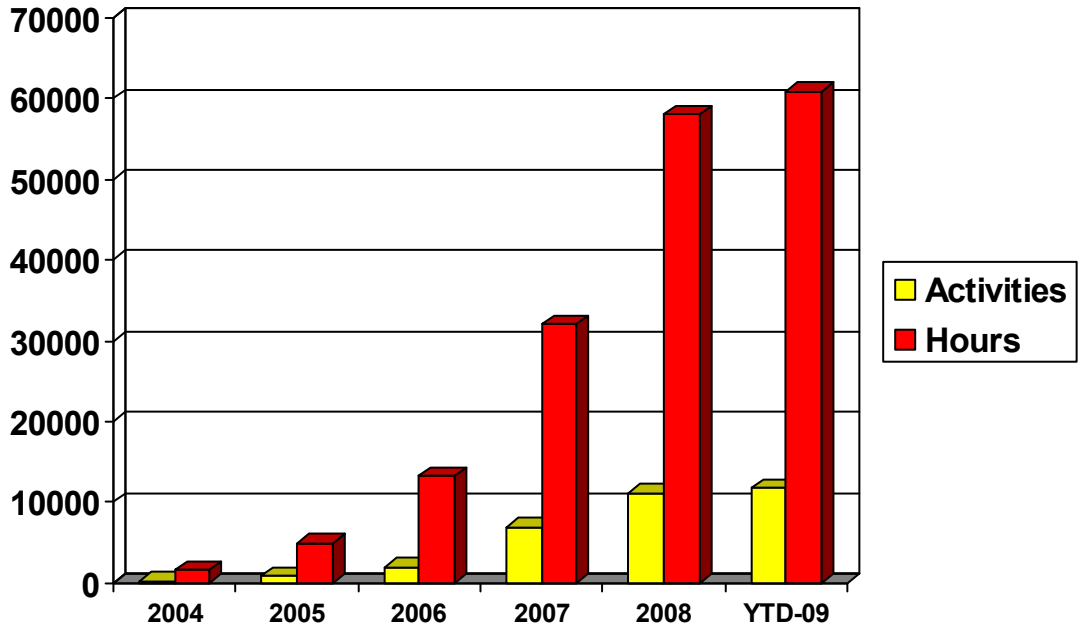
Compliance Auditor Training
NERC is delivering a training program for compliance auditors on interview techniques, correct protocols, processes, investigation techniques, and other necessary skills. An initial fundamentals course is delivered to team leaders quarterly. An initial fundamentals course for industry volunteers who participate on compliance audits is also being delivered. A complete program with continuing learning activities will continue to be developed over the next three years to equip NERC compliance auditors with the necessary skills to effectively perform audits.

Deliverables	Status
One advanced skills Evidence Gathering e-learning module for audit team leaders and audit team members.	Completed and delivered on-schedule. Delivered on demand since April 30, 2008. As of 4/14/09 the course has been completed by 275 users.
One job-aid on how to develop compliance elements for reliability standards (partnering with standards group) for compliance element development resource pool volunteers.	As of 4/14/09 this course has been completed by 10 users.
Job-aids on CMEP Timelines and Time Management for audit team leaders and audit team members.	10 job aids, 5 of which were completed on 9/5/08 and available to industry participants 24/7 via NERC's website. Another five are under review by the compliance program and legal staff awaiting approval.
One classroom-based Compliance Violation Investigation course	Course completed and launched on 1/28/09. Offered quarterly to NERC and Regional Entity CVI staff.
One instructor-led IT Auditing course on CIP Standards for audit team leaders.	As of 4/14/09, 92 participants have completed this course.
One instructor- led fundamentals course for regional entity compliance lead auditors.	Delivered once a quarter with 4 scheduled in 2009. 140 auditors have completed this course.

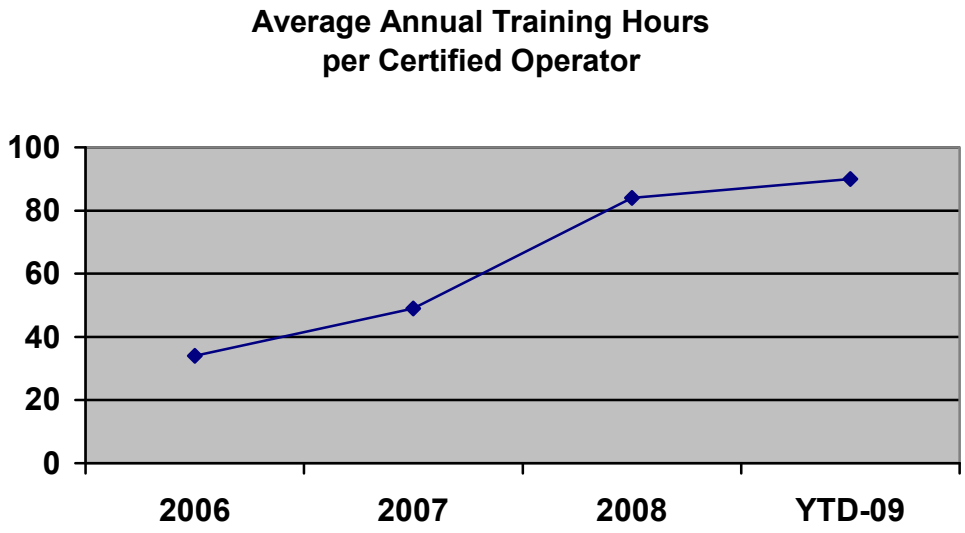
Webinar Series
In 2008, NERC began hosting Webinars for the industry to educate industry participants on NERC topics and pressing industry issues. Ten Webinars were held drawing over 4,000 industry participants. The series of Webinars was developed with the NERC Communications. As of March 12, 2009, five more webinars were hosted for the industry. Approximately 2,000 participants attended. The topics were: Alerts Distribution, Reporting, and FAQs; Demand Response; the Disturbance Monitoring Draft Standard; and NERC 101. This highly successful Webinar series will continue in 2009.

Continuing Education Program

Since the Continuing Education (CE) Program started as the chart below shows, the number of providers has increased from 48 offering 294 approved learning activities and 1,634 CE hours of instruction, to 210 now offering over 11,750 approved learning activities and over 60,750 CE hours of instruction available to system operators. Most of the growth is due to NERC's 2006 approval to use CE hours to maintain a certification credential. We expect to see continued growth in the number of courses and CE hours of instruction as system operators finish the transition into three-year credentials, which will occur on 10/1/2009.



Approximately 152,000 hours were awarded in 2006, over 280,000 hours were awarded in 2007, and over 399,000 hours were awarded in 2008. Since January 1, 2009, system operators have earned 78,386 CE hours. We anticipate continued growth of the CE program as increasing numbers of NERC-certified system operators use CE hours to maintain their credentials as shown in the chart below. The average annual training hours received by the population of approximately 5,750 operators is over 80 hours through December of 2008. We estimate the average annual training hours received by the total population of operators will reach about 90 hours by the end of 2009.



Audits of CE activities started in 2008 to ensure the quality of the activities matched the description in the application. As of the end of 2008, 152 audits were performed exceeding the 150 scheduled. We will begin 2009 audits at the end of April by randomly selecting 75 activities that were submitted during the 1st quarter. We anticipate over 200 activities will be audited in 2009.

Improving Human Performance for System Protection and Control Operation
This project focuses on the human factors side of improving the operation of protection systems and controls. The Personnel Subcommittee is coordinating this closely with the Protection System and Controls Performance Improvement Initiative (PSCPII). The human error focus complements the efforts of the PSCPII that address improving technical and process factors. The goal is to identify improvements to system protection personnel performance to increase reliability. A white paper will be released this summer for industry input and comment.

Accreditation Program Initiative
The goal of this project is to create a plan to establish a voluntary program for accrediting system operator training programs in North America. Accreditation is a move to confirm and attest that a training program meets prescribed high standards beyond what is required in current standards and the continuing education program.

Currently under research are options for incentives to entice entities to accredit their programs, options for an independent governance model to operate under the NERC umbrella, and options for criteria that will determine the quality of the training program. A white paper will be released later this summer seeking stakeholder input regarding the options and recommendations.

Reliability Metrics and Benchmarking

Action Required
None

Information
Section 809 (Reliability Benchmarking) of NERC's Rules of Procedures requires NERC to identify and track key reliability indicators as a means of benchmarking reliability performance and measuring reliability improvements. This program includes assessing available metrics, developing guidelines for metrics, maintaining a performance metrics "dashboard" on the NERC Web site, and developing reliability performance benchmarks.

Program Progress
Under the direction of the Planning Committee and Operating Committee, NERC and its Reliability Metrics Working Group (RMWG) have been tasked with developing metrics and leading indicators measuring characteristics of the Adequate Level of Reliability (ALR).[1] The focus of the program in 2009 is to enhance and update metrics definitions on the dashboard[2] based on RMWG's recommendations. The continued reliability trend analysis will be used to measure effectiveness of reliability standards and compliance enforcement program that support progress toward an Adequate Level of Reliability.

In March, NERC's CEO Rick Sergel highlighted the initial results of one of NERC's efforts to ensure the reliability of the bulk power system in North America and the current set of reliability performance benchmarks and metrics. In his letter,[3] Mr. Sergel highlighted metrics that supported leading indicators and benchmarks such as bulk power system disturbances, energy emergency alerts, and vegetation related transmission outages.

A set of preliminary metrics recommendations was presented at last PC and OC meeting in March.[4] As stated in the April 6, 2009 letter from PC and OC chairs,[5] NERC staff and the RMWG also created a continuous improvement model to actively seek metrics input from all stakeholders. A total of fifteen NERC committees and subgroups have been/will be approached in April and May 2009 to solicit feedback, suggestions and ideas along with input from the larger stakeholder community. In order to facilitate the evaluation of new proposals, a proposal template and an example have been posted[3] for stakeholders to use as a starting point for proposal submittals.

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[1] http://www.nerc.com/docs/pc/Definition-of-ALR-approved-at-Dec-07-OC-PC-mtgs.pdf
[2] http://www.nerc.com/page.php?cid=4|37
[3] http://www.nerc.com/fileUploads/File/News/benchmarking-letter_31Mar09.pdf
[4] http://www.nerc.com/docs/pc/Final_PC_Agenda_Mar17-18_2009.pdf, Item 3.b
[5] http://www.nerc.com/filez/rmwg.html

Events Analysis and Information Exchange

Action Required

None.

Information

Trends in Event Analysis

The Event Analysis group continues its movement into the new database system, resulting in improved insights into the elements that contribute to system disturbances. The following is the current top ten list of disturbance elements occurring in the events analyzed by NERC.

Top Ten Disturbance Elements	Number of Occurrences
Protection system misoperations	39
Generation vs transmission protection miscoordination	12
Protection equipment failures	7
Lack of redundancy	5
Wiring errors	4
Relay settings (drifting)	3
Design Errors	3
Logic Errors	2
Communications Failure	1
Other misoperations	2
Unexpected generator turbine control action	33
Transmission equipment failures (most initiating of disturbances)	18
Voltage sensitivity of generation auxiliary power systems	13
Human Error	12
Near-term load forecasting errors	6
Wiring errors	5
Relay loadability	4
Inter-area oscillations	4
SPS/RAS misoperations	4

The updated metrics directly highlight the growing trend of miscoordination between transmission and generation protection systems. The System Protection and Control Subcommittee (SPCS) is preparing a Technical Reference paper on this issue that will be going to the Planning Committee in June for their approval. That paper will be forwarded to the standards drafting team that is in the process of revising Standard PRC-001 – System Protection Coordination.

Event Classifications Updates

NERC Staff and the Event Analysis Coordinating Group (EACG) continue to refine the classifications for events. Events are broken into two general classifications: Operating Security Events and Resource Adequacy Events.

Operating Security Events

Operating security events are those that significantly affect the integrity of interconnected system operations. They are divided into 5 categories to take into account their different system impacts.

Category 1: An event results in any or combination of the following actions:

a. The loss of a bulk power transmission component beyond recognized criteria, i.e. single-phase line-to-ground fault with delayed clearing, line tripping due to growing trees, etc.
b. Frequency below the Low Frequency Trigger Limit (FTL) more than 5 minutes.
c. Frequency above the High FTL more than 5 minutes.
d. Partial loss of dc converter station (mono-polar operation).
e. Inter-area oscillations.

Category 2: An event results in any or combination of the following actions:

a. The loss of multiple bulk power transmission components.
b. The loss of load (less than 500 MW.)
c. System separation or islanding of less than 5,000 MW load or generation.
d. SPS or RAS misoperation.
e. The loss of generation (between 1,000 and 2,000 MW in the Eastern Interconnection or Western Interconnection and between 500 MW and 1,000 MW in the ERCOT or Québec Interconnections.)
f. The planned automatic rejection of generation through special protection schemes (SPS) or remedial action schemes (RAS) of less than 3,000 MW in the Western Interconnection, or less than 1,500 MW in the Eastern, Texas, and Québec Interconnections.
g. The loss of an entire generation station or 5 or more generators.
h. The loss of an entire switching station (all lines, 100 kV or above).
i. Complete loss of dc converter station.

Category 3: An event results in any or combination of the following actions:

a. The unplanned loss of generation (2,000 MW or more in the Eastern Interconnection or Western Interconnection and 1,000 MW or more in the ERCOT or Québec Interconnections.)
b. The loss of load (from 500 to 1,000 MW.)
c. System separation or islanding of 5,000 MW to 10,000 MW of load or generation .
d. UFLS or UVLS operation resulting in 300 MW or more load loss.

Category 4: An event results in any or combination of the following actions:

a. System separation or islanding of more than 10,000 MW of load or generation.
b. The loss of load (1,000 to 9,999 MW.)

Category 5: An event results in any or combination of the following actions:

a. The occurrence of a blackout.
b. The loss of load (10,000 MW or more.)

Resource Adequacy Events

Adequacy events are divided into three categories based on Standard EOP-002-0 (Capacity and Energy Emergencies).

Category A1: No disturbance events and all available resources in use.

a. Required Operating Reserves can not be sustained.
b. Non-firm wholesale energy sales have been curtailed.

Category A2: Load management procedures in effect.

a. Public appeals to reduce demand.
b. Voltage reduction.
c. Interruption of non-firm end per contracts.
d. Demand-side management.
e. Utility load conservation measures.

Category A3: Firm load interruption imminent or in progress.

Analysis Levels

Based on the category classification of the event, NERC and the involved Regional Entity(s) jointly determine the level of analysis that is warranted during a triage process. The EACG is working toward a system similar to that used by WECC, in which there are three basic levels of event analysis:

- Oral Report (WECC)

  WECC currently can request an Oral Report (presentation) to the WECC Operating Practices Subcommittee by the involved parties. If warranted, additional information is requested or the analysis is elevated to an Abbreviated Report.

- Abbreviated Report

  An abbreviated report is requested by the region to be prepared by the entities involved in the event. Regional and NERC Event Analysis review of the report is done for lessons learned.

- Detailed Report

  An Event Analysis Team is formed by the region to conduct the analysis. NERC Event Analysis participates in the team.

Typical Event Analysis based on Categories

Category 1 – NERC stand-alone analysis, if warranted

Category 2 – NERC review for lessons learned, possible Abbreviated Report

Category 3 – Typically Abbreviated Report requested by region with regional and NERC review

Category 4 – Typically regional Detailed Report with regional or NERC Event Analysis Team

Category 5 – NERC Event Analysis Team expected