

Agenda Member Representatives Committee

November 3, 2010 | 12–5:00 p.m. EST
Grand Hyatt Atlanta
3300 Peachtree Street, Northeast
Atlanta, GA
404-237-1234

Informational Presentations*— Noon–1:00 p.m.

- a. Preview 2010/2011 Winter Reliability Assessment
- b. Risk Severity Tools Update
- c. Update on Integration of Variable Generation Task Force (IVGTF) Activities
- d. International Electrotechnical Commission (IEC) Standards and Conformity Assessment Programs

MRC Meeting — 1:00–5 p.m.

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Meeting Notice

Consent Agenda — Approve

1. Minutes*

- [October 4, 2010 conference call](#)
- [August 4, 2010 meeting](#)

2. Future Meetings*

Regular Agenda¹

3. Welcome to Atlanta – Paul Bowers, COO Georgia Power Company*

4. Remarks by Gerry Cauley, NERC President and CEO

¹ Board Chairman John Q. Anderson has invited input from the committee sector representatives on specific agenda items (see attached).

- 5. MRC Officer Elections***
- 6. Status of MRC Sector Nominations***
- 7. Culture of Reliability Excellence – Panel Presentation and Discussion***
- 8. Critical Infrastructure Protection (CIP Activities)***
 - a. Critical Infrastructure Department Update
 - b. Critical Infrastructure Strategic Roadmap and Coordinated Action Plan
 - c. Enhanced Critical Infrastructure Protection (ECIP) Program Sponsored by DHS
- 9. Standards and Standards Process Issues***
 - a. Order Denying Rehearing of March 18 Order Directing Changes in NERC's Standards Development Procedure
 - b. Proposal for Technology and Standards Oversight Committee
 - c. NERC Three -Year Reliability Standards Development Plan
 - d. Changes to Reliability Standards Development Procedure Approved by FERC and NERC Transition Plan
- 10. Response to FERC Order on Three-Year ERO Performance Assessment***
- 11. Reliability Summit Issues***
- 12. Alerts and Lessons Learned***
 - a. Facility Ratings
 - b. Vegetation Management
 - c. Aurora II
 - d. Stuxnet
 - e. Lessons Learned
- 13. Frequency Response Initiative***
 - a. September 23 FERC Technical Conference
 - b. NERC Frequency Response Alerts
 - c. Standards Development Activities
- 14. Looking Ahead to February 2011 Meeting–Key Agenda Items***

15. Comments by Outgoing Chairman

16. Comments by Chairman Elect

Information Only — No Discussion

17. Update on Regulatory Matters*

*Background material included.

Preview 2010/2011 Winter Reliability Assessment

Action Required

None

Background

The preliminary findings of NERC's 2010/2011 Winter Assessment are under preparation, with a targeted release of late-November. The Regional Entities submitted data, information, and Regional self-assessments to NERC in late-September, which were used in developing the assessment.

The Reliability Assessment Subcommittee (RAS) will undertake a peer review of the assessment results by mid-October, followed by the NERC Planning and Operating Committees review of the draft assessment report in late October. The final draft will be submitted to the Board of Trustees for approval at its November 19, 2010 meeting by conference call.

The report will assess the bulk power system reliability conditions in North America for the three winter months — December 2010 through February 2011. This report will reflect recent enhancements adopted by the PC, including: demonstrating available capacity resources in more granular detail, refined depictions of demand response resources by region, enhanced fuel resource mix, and the improved description of wind generation effects on Planning Reserve Margins.

Risk Severity Tools Update

Action Required

None

Background

The Operating Committee (OC) and Planning Committee (PC) approved the whitepaper, *Integrated Bulk Power System Risk Assessment Concepts*¹ developed by the Reliability Metrics Working Group (RMWG) in September 2010. This document focuses on assessing, prioritizing and managing system risks against which industry must optimize. The concepts and framework proposed in this whitepaper provide a basic guide for the stakeholders to follow in making informed decisions, identifying trends to lower overall system risk, and communicating the effectiveness of reliability programs.

NERC plans to use the risk assessment approach to support:

1. **Standard Development:** risk assessment can be used to prioritize standard development and identify suitable results-based performance measures.
2. **Compliance:** supports the prioritization of monitoring and enforcement of standards based on risk to bulk power system reliability.
3. **Lessons Learned:** a continuous process of learning from events and reliability indicators to ensure desired performance is realized.

Significant efforts have been undertaken to determine and quantify the impacts of historical events; this quantification establishes a foundation for measuring system performance and for considering risk mitigation prioritization. At this time, the RMWG believes a form of blended severity weighting will serve to populate characteristic curves at a high and generic level. Based on feedback from stakeholders, expert-driven risk weighting factors may vary from periodic review and risk-model updates.

The RMWG will continue refinement of the severity risk index calculation and consider other factors that impact severity of particular events, including equipment operated as designed and loss-of-load from a reliability perspective (intentional and controlled load-shedding). Further, the RMWG will explore development of mechanisms for ongoing refinement of the risk index (which should be influenced by a wide-set of industry experts) to measure historic and simulated events.

¹ The whitepaper "*Integrated Bulk Power System Risk Assessment Concepts*" can be viewed at http://www.nerc.com/docs/pc/rmwg/Integrated_Bulk_Power_System_Risk_Assessment_Concepts_Final.pdf.

Update on Integration of Variable Generation Task Force (IVGTF) Activities

Action Required

None

Background

In April 2009, the NERC Board of Trustees approved the report, *Accommodating High Levels of Variable Generation*.¹ The work plan² included in this report identified thirteen specific activities. Under the direction of the Operating Committee (OC) and Planning Committee (PC), subgroups of the Integration of Variable Generation Task Force (IVGTF) were formed to address each of these 13 tasks in a coordinated fashion. The following is a summary of the reports reviewed and approved by the OC and PC, key findings/actions, upcoming submittals, and reports under development.

OC and/or PC approved the following reports:

1. *Variable Generation Power Forecasting for Operations*³ (Task 2-1) – approved by the OC in May 2010. This report addressed the current state-of-the-art of wind/solar forecasting and the technical challenges requiring attention. Input into NERC's Standards Process include; FAC-001 R2, TOP-002, TOP-006 R1.1, BAL-002 R3.1, COM-002, and IRO-005. Further, the task force suggested a NERC standard on Regional forecasting to support wind/solar scheduling.
2. *Standard Models for Variable Generation*⁴ (Task 1-1) – approved by the PC in May 2010. This report evaluated the current generic set of simulation models for variable generation and suggested enhancements. Input into NERC's Standards Process include MOD-11 through MOD-14 and MOD-024 through MOD-027.
3. *Flexibility Requirements and Metrics for Variable Generation and their Implications for System Planning Studies*⁵ (Task 1-4) – approved by PC in September 2010. The report identified the relative increases in flexibility required to integrate variable generation and metrics that measure current and future bulk power system flexibility. The Task Force will send metric definition forms to the Reliability Metrics Working Group for their consideration.

OC and/or PC upcoming submittals that are for review and approval:

1. *Potential Reliability Impacts of Emerging Flexible Resources* (Task 1-5) – submitted for PC approval: Addresses the technology options to provide additional sources of flexibility required to address the uncertainty/variability characteristics of variable generation and assesses their application.
2. *Accurate Methods to Model and Calculate Capacity Contributions of Variable Generation for Resource Adequacy Planning* (Task 1-2) – submitted for PC review: Evaluates and provides guidance on methods/data needed to calculate capacity values of variable generation.

¹ <http://www.nerc.com/files/Special%20Report%20-%20Accommodating%20High%20Levels%20of%20Variable%20Generation.pdf>

² [2009-2011 IVGTF Work Plan Definitions of each Task Force](http://www.nerc.com/files/2009-2011_IVGTF_Work_Plan_Definitions_of_each_Task_Force)

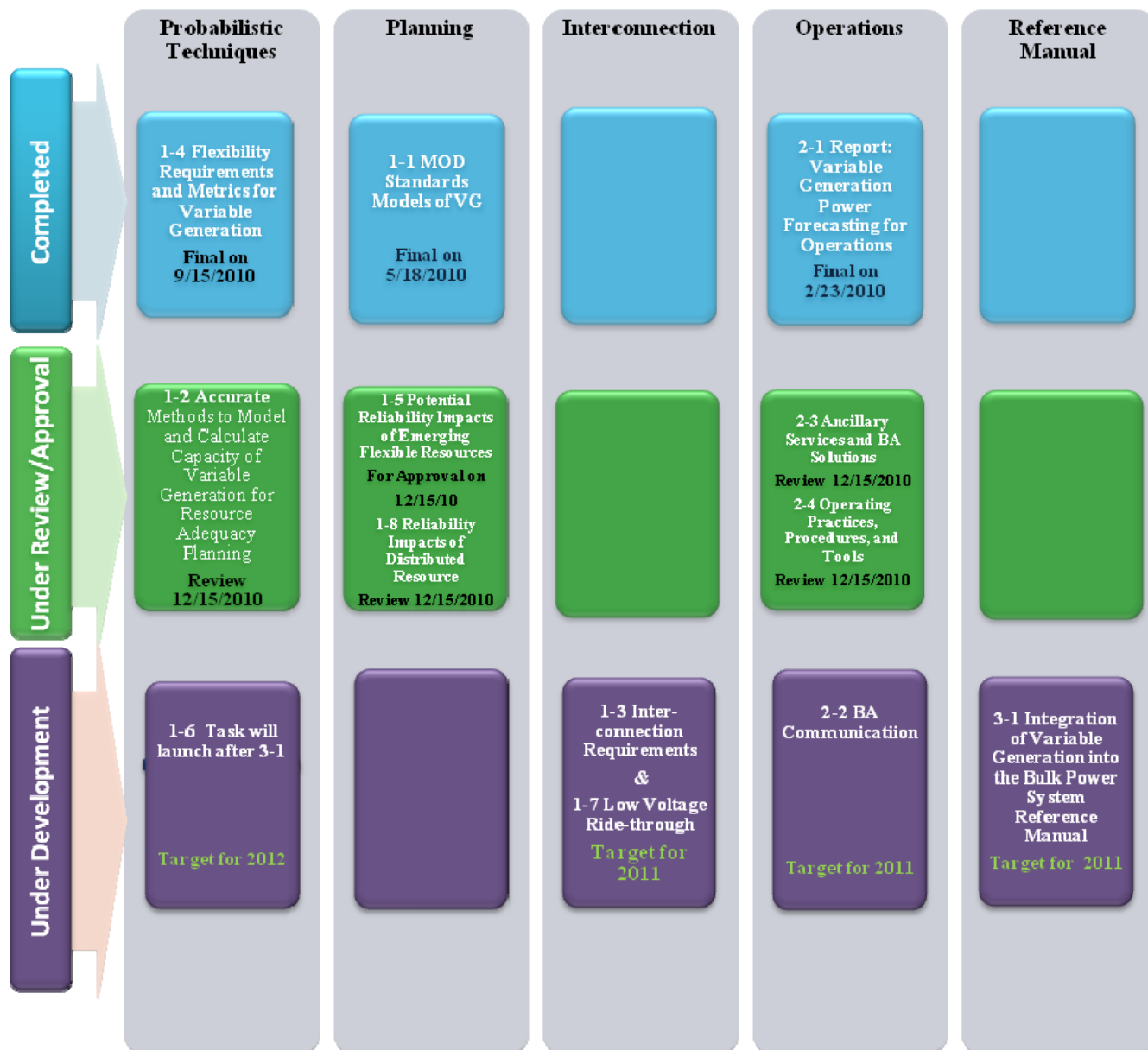
³ <http://www.nerc.com/files/Variable%20Generation%20Power%20Forecasting%20for%20Operations.pdf>

⁴ <http://www.nerc.com/files/Standards%20Models%20for%20Variable%20Generation.pdf>

⁵ http://www.nerc.com/files/IVGTF_Task_1_4_Final.pdf

3. *Ancillary Services and BA Solutions (Task 2-3)* – submitted for OC review: Evaluates the impact of securing ancillary services required to support variable generation integration.
4. *Operating Practices, Procedures, and Tools (Task 2-4)* – submitted for OC review: Reviews the influence of variable generation on operational practices, procedures, and tools. Identifies enhancements to existing practices/procedures and tools supporting operators with large amounts of variable generation resources on their system.
5. *Reliability Impacts of Distributed Resources (Task 1-8)* – submitted for PC review: The report provides an evaluation of the capability of each emerging resource such as: Inertial response, Primary frequency response (governor action), Secondary frequency response (AGC), load following and system ramping, and spinning and non-spinning contingency reserve.

All IVGTF reports/activities are ongoing, summarized below:



International Electrotechnical Commission (IEC) Standards and Conformity Assessment Programs

Inspired in 1904 in St. Louis and established in 1906 in London, the International Electrotechnical Commission (IEC) based in Geneva is the leading global organization that prepares and publishes voluntary international product and system standards for all electrical, electronic, and related technologies. These serve as a basis for national standardization and as references when drafting international tenders and contracts.

The IEC charter embraces all electrotechnologies including electronics, magnetics and electromagnetics, electroacoustics, multimedia, telecommunication, and energy production and distribution, as well as associated general disciplines such as terminology and symbols, electromagnetic compatibility, measurement and performance, dependability, design and development, safety and the environment.

The Commission's objectives are to:

- Meet the requirements of the global market efficiently
- ensure primacy and maximum world-wide use of its standards and conformity assessment systems
- assess and improve the quality of products and services covered by its standards
- establish the conditions for the interoperability of complex systems
- increase the efficiency of industrial processes
- contribute to the improvement of human health and safety
- contribute to the protection of the environment.

Jim Mathews has been the president of the U.S. National Committee of IEC and is the incoming Vice President of the IEC Standardization Management Board. Mr. Mathews will briefly describe the IEC's standards development and conformity assessment programs and discuss why NERC and its members should be aware of IEC standards.

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.

Minutes

Action Required

Approve

Background

Member Representatives Committee to approve draft minutes from the August 4, 2010 meeting in Toronto, ON and the October 4, 2010 MRC conference call.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Conference Call DRAFT Minutes Member Representatives Committee

October 4, 2010 | 11 a.m.–Noon
Dial In: 800–931–6361

Chairman Tymofichuk convened a duly-noticed open meeting by conference call of the North American Electric Reliability Corporation’s Member Representatives Committee (MRC) on October 4, 2010 at 11 a.m. EDT. The meeting announcement, agenda, and list of attendees are attached as **Exhibits A, B, and C**, respectively. No roll call was taken and no quorum was required.

NERC Antitrust Compliance Guidelines and Public Meeting Notice

David Nevius, committee secretary, directed the participants’ attention to the NERC Antitrust Compliance Guidelines and advised them of the public meeting notice.

Review of November 3, 2010 Draft MRC Agenda

Chairman Ed Tymofichuk reviewed the preliminary agenda for the upcoming November 3, 2010 MRC meeting in Atlanta, GA. (**Exhibit D**).

Chairman Ed Tymofichuk:

- Confirmed that Jim Matthews, President of US National Committee of IEC and incoming Vice President of the IEC Standardization Management Board will be a guest speaker during the Information Session of the MRC meeting;
- Confirmed that the February, 2011 meeting will take place in Phoenix, AZ and the August 2011 meeting will take place in Vancouver, BC;
- Reviewed the process and timetable for nomination and election of MRC Officers and Members;
- Discussed the overall schedule of meetings for November 3 and 4, 2010; and
- Noted that a representative from Entergy will join Mark Weatherford, vice president and chief security officer, NERC, and representatives of DHS to give a presentation on the Enhanced Critical Infrastructure Protection (ECIP) Program sponsored by DHS.

Topics for Written Input Prior to the MRC Meeting

Chairman Tymofichuk encouraged MRC sectors to discuss and submit written input by October 27, 2010 on the following agenda topics:

Culture of Reliability Excellence

Chairman Tymofichuk stated that the Culture of Reliability Excellence discussion will take a new approach as a panel of four will be given a few minutes to present to the MRC what each of their organizations is doing to promote a culture of reliability excellence followed by an open discussion among committee members and stakeholders present.

FERC September 16, 2010 Order Denying Rehearing of March 18, 2010 Order to Modify Reliability Standards Development Procedure

David Cook, senior vice president and general counsel, NERC, discussed the FERC September 16, 2010 Order Denying Rehearing of the March 18, 2010 Order to Modify Reliability Standards Development Procedure and indicated NERC would like feedback from the stakeholders regarding the next steps NERC should take. NERC needs to file with the Commission by December 13, 2010.

Proposal for Technology and Standards Oversight Committee

Mr. Cook also reviewed the Proposal for Technology and Standards Oversight Committee and stated that the Corporate Governance and Human Resources Committee (CGHR) may take action by the end of October for discussion in Atlanta and the board will make a final decision at the February, 2011 meeting.

Changes to Reliability Standards Development Procedure Approved by FERC

Mr. Nevius, committee secretary and senior vice president, NERC, stated that Herb Schrayshuen, vice president and director of standards, NERC will review the changes to Reliability Standards Development Procedure approved by FERC at the MRC meeting.

Reliability Summit Issues

Chairman Tymofichuk explained that the Reliability Summit concept had grown out of the July 6th Technical Conference and that NERC is looking for suggestions of issues for a Summit that is expected to take place in the January–February, 2010 timeframe. Mr. Cauley, president and chief executive officer, NERC, stated that FERC will work with NERC on the agenda for the Reliability Summit.

Alerts and Lessons Learned

Mark Weatherford, vice president and chief security officer, NERC, suggested and Gerry Cauley, president and chief executive officer, NERC, confirmed adding discussion on the Stuxnet alert to the MRC agenda.

Review of November 4, 2010 Draft Board of Trustees Agenda

Chairman Tymofichuk reviewed the preliminary agenda for the November 4, 2010 Board of Trustees meeting in Atlanta, GA (**Exhibit E**).

In anticipation of the Policy Input Letter to come from Board Chairman Anderson and hence to provide all sectors more lead time to develop positions, Chairman Tymofichuk encouraged MRC sectors to begin preparations to submit written input on the following board agenda items no later than October 27, 2010:

- Critical Infrastructure Strategic Roadmap
- Critical Infrastructure Strategic Initiatives Coordinated Action Plan
- FERC Technical Conference on Reliability Monitoring, Enforcement and Compliance Issues – November 18, 2010
- NERC Three-Year Reliability Standards Development Plan
- Response to FERC Order on NERC Three-Year ERO Performance Assessment

Meeting Adjourned

There being no further business, the call was terminated at 12:00 p.m. EDT.

Submitted by,



David R. Nevius
Committee Secretary

From: Elizabeth Merlucci
Sent: Wednesday, September 29, 2010 12:59 PM
To: Elizabeth Merlucci
Subject: AGENDA: Member Representatives Committee (MRC) Conference Call - October 4, 2010

Importance: High



Conference Call Member Representatives Committee (MRC)

October 4, 2010 | 11:00 a.m. Eastern

Dial in: 800-931-6361
No access code necessary

Agenda available at: <http://www.nerc.com/docs/mrc/MRC-10-04-10-cca.pdf>

Chairman Ed Tymofichuk has called a conference call meeting of the Member Representatives Committee (MRC) to review agenda items for the November 3, MRC and November 4, 2010 Board of Trustees meetings in Atlanta, GA.

Liz Merlucci
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609.452.8060 | www.nerc.com
elizabeth.merlucci@nerc.net

You are currently subscribed to mrc_plus as: elizabeth.crouse@nerc.net
To unsubscribe send a blank email to leave-1217363-279343.9b72a5047d21f99d4d0fd4bc669c2d82@listserv.nerc.com

You are currently subscribed to mrc_plus as: elizabeth.merlucci@nerc.net
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NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Member Representatives Committee Conference Call

October 4, 2010 | 11 a.m. Eastern
Dial In: 800-931-6361

No pass code necessary

Introductions and Chairman's Remarks

Antitrust Compliance Guidelines and Public Meeting Notice

- *1. MRC Draft Agenda Review**
 - *2. Board of Trustees Draft Agenda Review**
 - *3. Schedule of upcoming Board committee conference calls and meetings**
- * Background materials included

MRC PRE-MEETING CONFERENCE CALL

Reservation Number: 21482398

Reservation Date/Time: 10-04-2010 10:30 ETN

Chair Person: DAVID NEVIUS

Total Number of Lines: 52

Company Name: N AMER ELECTRIC RELIABILITY CORP

	First Name	Last Name	Company	Are you a member of MRC?
1	John	Anderson	Elcon	Y
2	David	Areghini	S R P	Y
3	Tim	Arlt	Nebraska Public Power District	Y
4	Tom	Bowe	P J M	N
5	Patrick	Brown	Canadian Electricity Assc	N
6	Tom	Burgess	First Energy	N
7	Greg	Butrus	Balch & Bingham	N
8	Larry	Camm	Schweitzer Engineering Laborat	N
9	Trent	Carlson	R R I Energy	Y
10	Jack	Cashin	E P S A	N
11	Gerry	Cauley	NERC	N/A
12	David	Cook	NERC	N/A
13	Michelle	D'Antuono	Occidental	Y
14	Ed	Davis	Entergy	N
15	David	Dworzak	E E I	N
16	Jeff	Floyd	Southern Co	N
17	William	Gallagher	MRC	Y
18	Tim	Gallagher	Reliability First Corp	N
19	Scott	Helyer	Tenaska	Y
20	Nabil	Hitti	National Grid	Y
21	Terry	Huval	Lafayette Utilities	Y
22	Jim	Keller	Wisconsin Electric	Y
23	David	Kiguel	Hydro One Networks	N
24	Jeanne	Kurzynowski	Consumers Energy	Y
25	Dale	Landgren	American Transmission Co	Y
26	Mark	Lauby	N E R C	N
27	Barry	Lawson	N R E C A	N
28	Louise	McCarren	W E C C	N
29	Liz	Merlucci	N E R C	N
30	Patti	Metro	N R E C A	N
31	Allen	Mosher	A P P A	N
32	Jeff	Mueller	P S E & G	N
33	Paul	Murphy	I E S O	Y
34	Steven	Naumann	Exelon	N
35	Gilbert	Neveu	Quebec Energy Board	Y
36	David	Nevius	NERC	Y
37	Sandra	Pea	Pend-Oreille Public Utility District 1	N
38	Maggie	Powell	Constellation Energy	Y
39	John	Prescott	P N G C	Y
40	Harvey	Reed	N P C C	Y
41	Mark	Robinson	Southwest Power Pool	N
42	Sarah	Rogers	F R C C	N
43	Eric	Salsbury	Consumer's Energy	N
44	Rob	Schaffeld	Southern Company	N
45	Ed	Schwerdt	N P C C	N
46	Mike	Smith	GTC	Y
47	William	Taylor	Calpine Corp	Y
48	Roy	TRUE	Aces Power Marketing	Y
49	John	Twitty	City Utilities of Springfield,	Y
50	Ed	Tymofichuk	Manitoba Hydro	Y
51	Mark	Weatherford	N E R C	N
52	Mike	Yealland	I E S O	N

Draft Agenda Member Representatives Committee

November 3, 2010 | 12–5:00 p.m. EST
Grand Hyatt Atlanta
3300 Peachtree Street, Northeast
Atlanta, GA
404-237-1234

Informational Presentations*— Noon–1 p.m.

- a. Preview 2010/2011 Winter Reliability Assessment
- b. Risk Severity Tools Update
- c. Variable Generation Report Update
- d. Protection System Misoperations – Coordination of Data Collection
- e. International Electrotechnical Commission (IEC) Standards and Conformity Assessment Programs

MRC Meeting — 1–5 p.m.

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Meeting Notice

Consent Agenda — Approve

1. Minutes*

- October 4, 2010 conference call
- August 4, 2010 meeting

2. Future Meetings*

Regular Agenda

- 3. Welcome to Atlanta – Paul Bowers, COO Georgia Power Company**
- 4. Remarks by Gerry Cauley, NERC President and CEO**

- 5. MRC Officer Elections***
- 6. Status of MRC Sector Nominations**
- 7. Culture of Reliability Excellence – Panel Presentation and Discussion***
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 - a. Update on NERC Cyber Security Program
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 - c. Enhanced Critical Infrastructure Protection (ECIP) Program Sponsored by DHS
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 - b. Proposal for Technology and Standards Oversight Committee
 - c. NERC Three -Year Reliability Standards Development Plan
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 - d. Process Issues
- 12. Frequency Response Initiative***
 - a. September 23 FERC Technical Conference
 - b. NERC Frequency Response Alerts
 - c. Standards Development Activities
- 13. Looking ahead to February 2011 meeting – Key agenda items**

Information Only — No Discussion

- 14. Update on Regulatory Matters***

*Background material included.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Board of Trustees

November 4, 2010 | 8:00 a.m.–Noon ET
Grand Hyatt Atlanta
3300 Peachtree Rd. NE
Atlanta, GA 30305
404-237-1234

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Meeting Notice

Consent Agenda — Approve

1. Minutes*

- a. October 15, 2010 conference call
- b. August 5, 2010 meeting

2. Committee Membership Appointments and Charter Changes*

- a. Compliance and Certification Committee (CCC) Membership Change

3. Future Meetings*

Regular Agenda

4. Remarks by Tom Fanning, President, Southern Company

5. Remarks by Commissioner Marc Spitzer, FERC

6. Remarks by Commissioner Cheryl LaFleur, FERC

7. Remarks by Mr. Charles Gray, Executive Director, NARUC

8. President's Report

9. **2009/2010 Post-Winter Reliability Assessment*** — **Approve** (Lauby)
10. **Compliance Performance Measures Metrics Report*** — **Approve** (Lauby)
11. **Reliability Standards***
 - a. Three-Year Development Plan — **Approve**
 - b. Plan for CIP Standards — **Review**
 - c. IRO-006-5 - Transmission Loading Relief — **Approve**
 - d. IRO-006-EAST-1 - Transmission Loading Relief Procedure for the Eastern Interconnection) — **Approve**
 - e. PRC-006-1 Automatic Underfrequency Load Shedding & EOP-003-2 -Load Shedding Plans — **Approve**
 - f. NPCC Regional Disturbance Monitoring Standard — **Approve**
 - g. FRCC Underfrequency Load Shedding Standard — **Approve**
12. **Interpretations*** — **Approve (tentative)**
 - a. Interpretation of EOP-001-0, R1 for RE Compliance Managers
 - b. Interpretation of EOP-001-1, EOP-001-2, R2.2 for FMPP
 - c. Interpretation of PRC-004-1, and PRC-005-1, R2 for Y-W Electric and Tri-State G & T
 - d. Interpretation of TOP-002-2a, R6 for FMPP
 - e. Interpretation of TOP-002-2a, R10 for FMPP
13. **Report on Reliability Performance Initiatives*** — **Information**
14. **Modifications to the System Operator Certification Program Manual*** — **Approve**
15. **Response to FERC Order on the Three-Year Performance Assessment*** — **Information**
16. **Order on Rehearing Regarding the Standards Process*** — **Approve**
17. **Critical Infrastructure*** — **Approve**
 - a. Electricity Sub-Sector Coordinating Council and Critical Infrastructure Strategic Roadmap
 - b. CIP Coordination Action Plan

Standing Committee Reports (Agenda Item 18)*

- [Compliance and Certification Committee](#)
- [Critical Infrastructure Protection Committee](#)
- [Operating Committee](#)
- [Personnel Certification Governance Committee](#)
- [Planning Committee](#)
- [Standards Committee](#)
- [Electricity Sub-Sector Coordinating Council](#)

Forum and Group Reports (Agenda Item 19)

- [Regional Entity Management Group](#)
- [North American Transmission Forum](#)

Board Committee Reports

20. Corporate Governance and Human Resources*

- a. Update on Board Oversight of NERC Standing Committees, Possible Amendment to Technology Committee Mandate
- b. NERC Chair, Chair-Elect, and Vice Chair Selection and Succession Guidelines (possible) — **Approve**
- c. Amendments to 401(k) Plan — **Approve**

21. Compliance

22. Finance and Audit*

- a. Third Quarter Statement of Activities — **Review and Accept**
- b. Review Year End Projection
- c. Update on NERC 2011 Business Plan and Budget Filing with FERC
- d. Update on Office Relocation/DC Expansion

23. Technology

24. Nominating

*Background materials are included.

Draft Minutes Member Representatives Committee

August 4, 2010 | 12–4:00 p.m.
Marriott Eaton Centre
525 Bay Street
Toronto, ON M5G 2L2
416-597-9200

Member Representatives Committee (MRC) Chairman Ed Tymofichuk called to order the information portion of the North American Electric Reliability Corporation (NERC) MRC meeting on August 4, 2010 at 12 noon, local time. The meeting announcement, agenda, and list of attendees are attached as **Exhibits A, B, and C**, respectively. As normal, no phone-ins were prearranged.

NERC Antitrust Compliance Guidelines

Dave Nevius, senior vice president and committee secretary, called attention to the NERC Antitrust Compliance Guidelines distributed with the agenda.

Information Session

Mark Lauby, director of reliability assessment and performance analysis, presented for information status reports on the following reliability assessment activities:

- 2010 Long-Term Reliability Assessment: Preliminary Observations
- Reliability Implications of Four EPA Regulations: Draft Conclusions
- Smart Grid Task Force Report: Preliminary Results
- Integrated Bulk Power System Risk Assessment Concepts: Update

Copies of the presentations are posted on the NERC website.

Introductions and Chairman's Remarks

Chairman Ed Tymofichuk called to order the regular meeting of the MRC at 1 p.m., local time and declared a quorum present. Mr. Tymofichuk welcomed and introduced the following guests: Commissioner John Norris, FERC, Commissioner Cheryl LaFleur, FERC, Howard Wetston, chairman, Ontario Energy Board, and Laura Formusa, president and CEO, Hydro One.

Chairman Tymofichuk also announced the following proxies: Agenda Item 1

- Barry Lawson for John Prescott – Cooperative Sector Attachment 2

Attachment 2

- W. Clay Smith for Michael Smith – Cooperative Sector
- Mike Penstone for Carmine Marcello – Federal/Provincial Utility Sector
- Terry Huval for John Twitty – Transmission Dependent Utility
- Scott Helyer for William Taylor III – Merchant Electricity Generator
- Chris Hajovsky for Trent Carlson – Electricity Marketer Sector
- Tom Bowe for Terry Boston – ISO/RTO Sector
- Sarah Rogers for John Giddens – Regional Entity Sector – Voting
- Scott Henry for Maureen Borkowski – Regional Entity Sector – Non-Voting
- Gilbert Neveu for Jean Paul Theoret – Canadian Provincial Government Sector – Non-Voting

Chairman Tymofichuk called attention to a letter to the MRC from John Q. Anderson, chairman, NERC board of trustees, which requested policy input to the board on several issues. Chairman Tymofichuk thanked those who submitted written responses.

Minutes

The MRC approved the draft minutes of the May 11, 2010 meeting and the July 8, 2010 conference call meeting. (**Exhibits D and E**).

Future Meetings

The MRC approved the change of meeting dates from May 3–4, 2011 to May 10–11, 2011 in Washington, DC as a future meeting date and location. The MRC also approved the August 3–4, 2011 dates in Vancouver, BC.

Welcome to Toronto – Laura Formusa, President and CEO, Hydro One

Laura Formusa, president and CEO, Hydro One expressed her gratitude on the invitation to the NERC meetings and welcomed everyone to Toronto.

Remarks by Gerry Cauley – NERC President and CEO

Gerry Cauley, NERC president and CEO, extended his personal welcome to guests Howard Wetston, chairman of the Ontario Energy Board; FERC Commissioners John Norris and Cheryl LaFleur, and thanked Laura Formusa, president and CEO of Hydro One, for welcoming NERC to Toronto. Mr. Cauley noted that a good number of FERC staff, as well as staff from federal and provincial agencies in Canada were present.

Mr. Cauley remarked that as we reach the fourth year since NERC's certification as the ERO and the third year since the adoption of mandatory standards, we should recognize that we have accomplished a lot in terms of ensuring a reliable bulk power system for North America, including:

- New mandatory reliability standards addressing vegetation management, relay loadability, and critical infrastructure protection;
- Improvement to the quality of our reliability assessments and expansion of the breadth of issues addressed, resulting in these reports becoming widely recognized as authoritative assessments of future reliability;

- Increased efficiency and timeliness of processing compliance violations through working with regional entities;
- Establishing a track record of mitigating violations to correct issues in a timely manner; and
- Improving root cause analysis and publication of lessons learned to promote a learning and problem-solving industry.

Mr. Cauley also pointed out two challenges NERC faces: the need to develop and execute a credible response to critical infrastructure protection issues and developing high-quality and timely standards.

In closing, Mr. Cauley mentioned plans to relocate NERC's headquarters from Princeton, NJ, to Atlanta, GA, stating that this move to a major hub city will provide greater access to NERC by industry participants and will provide an excellent location for hiring and retaining a talented staff for the future.

Report on Nominating Committee

Chairman Tymofichuk gave a brief report on the status of the Board Nominating Committee, noting that he and Bill Gallagher, MRC vice chair, were available after the MRC meeting to listen to concerns or issues from MRC members regarding board members whose terms were ending.

Tom Berry, chairman of the NERC nominating committee, stated that Jim Goodrich, NERC board member, has reached his term-end on the NERC board and explained the process of replacing Mr. Goodrich. Mr. Berry also explained that we are in process of hiring a search consultant to help in the process, noting that there are three other board members up for possible re-election.

Mr. Berry explained that the Nominating Committee will be sending a letter on the status of the three incumbents and a request for names (nominees for new trustees) from MRC members and others for consideration by the Nominating Committee. The letter will go out prior to the end of August, 2010. The Nominating Committee would like stakeholders to come up with names of qualified independent trustees, who will be selected and interviewed by December, 2010. Upon approval by the Nominating Committee, a letter with the recommended slate of four nominees will be sent to the MRC before year end for voting at the February, 2011 MRC meeting in Phoenix.

Critical Infrastructure Protection (CIP Activities)

Mark Weatherford, NERC vice president and chief security officer, reviewed his background prior to joining NERC. He stated his goal is to focus on helping to get some clarity around the CIP Standards and work with the industry to help comply with those standards. Mr. Weatherford thanked everyone for the warm welcome he has received.

Stuart Brindley, NERC consultant for the Electricity Sub-Sector Coordinating Council (ESCC), reviewed the newly formed ESCC, which was approved at the May, 2010 board meeting. Mr. Brindley stated the most significant thing to happen over the past few months was the face-to-face meeting of the ESCC and how much was accomplished in that meeting.

One of the most important roles of the ESCC is to interface formally with senior members of government. He noted that there are efforts in place to make sure the ESCC members enhance relationships with government members in both the U.S. and Canada and to mobilize the industry. Mr. Brindley indicated there is a draft of the Critical Infrastructure Strategic Roadmap report out for review and feedback, the primary focus of which is to provide advice to the NERC board of trustees. The three key areas cited in the draft roadmap are prevention, mitigation and response. The three significant scenarios on which focus is being placed at this time are coordinated physical attacks on key facilities, organized cyber attacks on control systems, and a severe geomagnetic disturbance. The next steps of the ESCC are to seek input from the MRC, public input, and approval from NERC board of trustees on the strategic roadmap. The draft will be posted publically for a formal comment period.

Mark Lauby reported on the efforts of the Planning, Operating, and Critical Infrastructure Protection Committees, and NERC staff in responding to NERC chairman John Anderson's request to develop an action plan for addressing the 19 Proposals for Action in the recently released report, *High-Impact, Low Frequency Event Risk to the North American Bulk Power System*.

Herb Schrayshuen, vice president and director of standards, reported on the status of work on the CIP Version 4 Standards. Mr. Schrayshuen stated that the drafting team has been working on a design of new CIP standards replacing CIP-002– CIP-009. The team is focused on CIP-010 and CIP-011 but have been asked to divert their attention to a survey that will be used as a basis for a new CIP-002 standard that will establish a brightline criteria for defining critical cyber assets.

Gerry Cauley, NERC president and CEO, thanked the standards committee and drafting team on shifting directions. Mr. Cauley indicated that in his opinion it is important to use an expedited short-term process in establishing a clear approach for establishing a definitive list of critical assets to which the standards apply. This list of critical assets should be brought before the NERC board by the end of the year.

Mr. Gallagher, MRC vice chairman added that it is important that the drafting team gets all the support it needs in this endeavor.

Standards and Standards Process Issues

David Cook, NERC senior vice president and general counsel, gave presentations on the developments related to the FERC March 18 orders, the July 6 technical conference, and NERC's plans for filing changes to its Rules of Procedure.

Mr. Cook noted that NERC filed changes to the Rules of Procedures to streamline the standards process on June 10, 2010. Those changes are now awaiting commission approval. The Standards Committee has begun implementing the changes to the extent they can and still be consistent with the current rules. In response to the March 18 Order, on June 21, 2010 the Board approved a proposed new Rule 321 for NERC to make changes to its standards process. Rule 321 would establish additional procedures for dealing with circumstances where the standards process does not produce a standard that is responsive to a

commission directive. NERC did not file the rule change with the commission because on June 15, 2010 the commission issued an order that postponed the deadline for that compliance filing to September 14, 2010 in light of the pending Technical Conference at FERC on July 6th.

Mr. Cook also noted that NERC filed comments in response to the July 6th Technical Conference, indicating that the conference resulted in a very productive dialogue and appreciated the participation of the commissioners and staff throughout the conference.

Mr. Cook reported that NERC is in the process of preparing the annual Three-Year Standards Work Plan, and indicated that NERC has encouraged the Commission and its staff along with Canadian counterparts to join NERC in developing a common set of priorities. Allan Mosher, chairman, standards committee, is encouraging feedback so we may move forward.

Oversight of Standards Development Program and Other Standing Committees

Gerry Cauley, NERC president and CEO, noted that each of the six standing committees reporting to the board (Standards Committee, Compliance and Certification Committee, Operating Committee, Planning Committee, Critical Infrastructure Protection Committee, and Personnel Certification Governance Committee) develops and presents reports to the board on its activities, but questioned whether, as an organization, we are engaged enough in helping the committees set their priorities and agendas on a large scale. Mr. Cauley posited the following questions for discussion by the MRC members:

1. What is the nature of the oversight and direction that the Board of Trustees should provide to the standards development program to ensure the success of the ERO and improve reliability?
2. Should the board consider forming a standards committee of the board to address this oversight role and to provide additional emphasis?
3. What activities could the board, or a committee of the board, undertake to improve the oversight of the standards development program?
4. How can the board improve its oversight of the remaining standing committees: OC, PC, CIPC, CCC, and PCGC, particularly with regard to timely delivery of results that have an impact on improving bulk power system reliability?
5. What is an appropriate set of responsibilities for the CCC, considering the current role of the BOTCC and staff in implementing the compliance program?

At the invitation of Chairman Tymofichuk, committee members offered comments beyond those provided in their written Policy Inputs submitted prior to the MRC meeting (**Exhibit F**).

In general, committee members saw value in more board engagement in NERC's standards development activities, including some support for creating a board-level standards committee as long as its scope was complementary to that of the existing Standards Committee. Committee members agreed that the current Standards Committee could benefit from more systematic policy direction on standards development, input on strategic priorities for standards development, and alignment of NERC and FERC, which more active board

involvement in standards development activities could provide. A number of specific suggestions were discussed for ways for board members to become more engaged in standards activities in this regard.

Executive Forum on Reliability

Mr. Cauley presented a concept paper describing an Executive Forum on Reliability, noting that the March 18 FERC Orders presented NERC opportunities to look at the relationship and the communications between NERC and the FERC and to make improvements. Mr. Cauley stated that the FERC July 6th Technical Conference suggested the need for executive-level communication and improved working relations in setting of priorities and expectations. The options that appear to be materializing are: holding additional technical conferences, coordination of agendas, and the idea of a standing forum on reliability comprising CEOs from the industry, leadership from NERC, and commissioners. The following questions were posed to elicit comments:

1. Would an executive forum provide an effective means to improving communications and working relations among regulators, the ERO, and industry on reliability matters?
2. Are there alternative approaches?
3. Who should participate in the executive forum? Is the proposal sufficiently balanced?
4. Does the proposal for open meetings and observer comments provide sufficient transparency and openness?
5. Does tying sessions to the NERC board and MRC meeting adequately address concerns for efficiency and accessibility by stakeholders?
6. Would the success of NERC in achieving its reliability objectives as the ERO be enhanced by allowing the industry executive involved in such a forum to act as an advisory group to the NERC board?

MRC members provided input on this issue for the board's consideration, in addition to the written input provided in advance of the meeting (**Exhibit F**). Comments at the meeting acknowledged the value of the July 6th technical conference and supported more such conferences on technical subject matters. Commenters agreed that there is great value in more direct communication with FERC commissioners and supported using the MRC or a subset of the MRC for discussion of policy issues with FERC commissioners, NERC board, and senior NERC staff as opposed to creating a separate executive forum. Some support was voiced for an annual executive strategy summit to engage industry CEOs more directly in the work of NERC to make sure all organizations are supportive of where NERC is going. Also suggested was strengthening the U.S./Canada/Mexico trilateral group to improve communications with regulators continent wide.

Following the discussion, John Q. Anderson thanked everyone for all the useful input and stated there is no need to move in haste. Mr. Anderson asked the board to review the information submitted along with the comments made at the MRC meeting so the board could address the issue further at its meeting on August 5th.

Standards Directives

Herb Schrayshuen, vice president and director of standards, reported on the status of NERC's responses on specific standards directives contained in the March 18 orders, as follows:

- TPL-002 — Acceptable Load Loss — In the June 11, 2010 response, FERC denied the request for stay, declined to conduct a technical conference, but extended the compliance filing deadline to March 31, 2011. Mr. Schrayshuen stated the drafting team is requesting more input to guide them on this issue and have scheduled an open forum on August 10, 2010. The drafting team will then meet August 11–12, 2010 to review the input.
- BAL-003 — Frequency Response and Bias — Mr. Schrayshuen discussed that on May 13, 2010, FERC issued an order granting rehearing for further consideration of the issues surrounding frequency response and indicated its intention to convene a technical conference to provide the opportunity for public discussion on the issues. FERC has not yet established a date for the technical conference. Also, FERC directed NERC to submit within 30 days of the technical conference a proposed schedule with firm deadlines for completing the studies and analyses necessary to develop the frequency response requirements and for submitting a modified standard that addresses the Order 693 directives. FERC deferred the six month compliance deadline set forth in the March 18, 2010 order. The revised standard is projected to be complete in early 2011.
- BAL-004-1 — Time Error Correction — Mr. Schrayshuen reviewed that this is perhaps an opportunity to retire a standard. At this time we have a filing in with the Commission that we looked at in light of discussions. Mr. Schrayshuen stated NERC is planning on withdrawing and developing a new proposal in this area.
- Remaining Order 693 Directives — Mr. Schrayshuen discussed NERC's plan for addressing the remaining Order 693 directives, noting that focus now is to identify the next steps to address Commission directives that remain outstanding to meet the overarching goal of addressing outstanding Order 693 directives by the end of 2011.

Culture of Reliability Excellence

Chairman Tymofichuk briefly discussed the issue, Culture of Reliability Excellence, and pointed out the distinction between this issue and the Culture of Reliability Compliance. Mr. Tymofichuk invited comments from the committee members beyond those comments provided in writing. Mr. Gallagher noted that it took a long time for the electricity industry to embrace safety as a part of its culture, and it will take perseverance to get CEO attention on the culture of reliability excellence as well.

MRC Officer Elections and MRC Nominations

Mr. Tymofichuk, committee chairman, reviewed the upcoming election and timetables of MRC officers and the procedure for MRC member nominations for those members whose terms expire in February 2011.

2011 Business Plan and Budget

Mike Walker, senior vice president and chief financial and administrative officer, reviewed the highlights of the 2011 Business Plan and Budget. More information on the 2011 Business Plan and Budget can be found at:

http://www.nerc.com/filez/business_plan_2011.html

Chairman Tymofichuk noted that the agenda contained an Update on Regulatory Matters. No further discussion occurred.

Adjournment

There being no further business, the meeting was terminated at 4:30 p.m.

Submitted by,



David R. Nevius
Secretary

From: [Elizabeth Merlucci](#)
To: [Elizabeth Merlucci](#)
Subject: ANNOUNCEMENT: Member Representatives Committee and Board of Trustees Meeting -- August 4-5, 2010
Date: Wednesday, June 09, 2010 1:12:16 PM
Importance: High



Meeting Announcement: Member Representatives Committee and Board of Trustees August 4–5, 2010 | Toronto, ON

Register online today: <https://www.nerc.net/nercsurvey/Survey.aspx?s=3217398551014403b4623287f71c78e9>

Meeting Details: <http://www.nerc.net/meetings/details.asp?id=2710>

When making your hotel reservation, please be sure to mention "NERC" to get the preferred rate and ensure your reservation is credited to the NERC room block. The hotel will charge NERC a penalty if the total rooms blocked for this event are not picked up. Also, if you use a travel agency for your travel plans, please make sure the agency mentions NERC. For more information or assistance, please contact Elizabeth Merlucci, Administrative Assistant, at elizabeth.merlucci@nerc.net or at (609) 524-7038.

North American Electric Reliability Corporation
116-390 Village Blvd.
Princeton, NJ 08540
609.452.8060 | www.nerc.com

Agenda Member Representatives Committee

August 4, 2010 | Noon–4 p.m.
Toronto Marriott Eaton Centre
525 Bay Street
Toronto, ON MSG 2L2
416-597-9200

***Informational Presentations — Noon–1 p.m.**

- a. 2010 Long-Term Reliability Assessment: Preliminary Observations
- b. Reliability Implications of Four EPA Regulations: Draft Conclusions
- c. Smart Grid Task Force Report: Preliminary Results
- d. Integrated Bulk Power System Risk Assessment Concepts: Update

MRC Meeting — 1–4 p.m.

Introductions and Chairman's Remarks

Antitrust Compliance Guidelines

Consent Agenda — Approve

1. **Minutes**
 - [July 8, 2010 Conference Call](#)
 - [May 11, 2010 Meeting](#)

***2. Future Meetings**

Regular Agenda¹

3. **Welcome to Toronto – Laura Formusa, President and CEO, Hydro One**
4. **Remarks by Gerry Cauley, NERC President and CEO**
5. **Report on Nominating Committee**

¹ Board Chairman John Q. Anderson has invited input from the committee sector representatives on specific agenda items (see attached).

- *6. **Critical Infrastructure Protection (CIP Activities)**
 - a. Remarks by Mark Weatherford, NERC Vice President and Chief Security Officer
 - b. Electricity Sub-Sector Coordinating Council Strategy Paper
 - c. NERC Chairman Request to Technical Committees for Development of Action Plan on HILF Report Recommendations
 - d. CIP Version 4 Standards

- *7. **Standards and Standards Process Issues**
 - a. Response to March 18, 2010 FERC Order on Revisions to Standards Process and Comments Following July 6, 2010 Technical Conference
 - b. Oversight of Standards Development Program and Other Standing Committees
 - c. Executive Forum on Reliability
 - d. Response to March 18, 2010 Orders on Specific NERC Standards
 - e. Plan for Addressing Remaining Order 693 Directives

- *8. **Culture of Reliability Excellence**

- *9. **MRC Officer Elections and MRC Nominations**

- *10. **[2011 Business Plan and Budget](#)**

Information Only — No Discussion

- *11. **Update on Regulatory Matters**

* Background material included.

**List of Attendees
Member Representatives Committee Meeting
Toronto, ON – August 4, 2010**

MRC – Voting Members	
Chairman	Ed Tymofichuk
Vice Chairman	Bill Gallagher
Investor-owned Utility	Carol Chinn
Investor-owned Utility	Nabil Hitti
State/Municipal Utility	Timothy Arlt
State/Municipal Utility	Gayle Mayo
Cooperative Utility	John Prescott - PROXY: Barry Lawson
Cooperative Utility	Michael Smith - PROXY: W. Clay Smith
Federal/Provincial Utility	Carmine Marcello - PROXY: Mike Penstone
Federal/Provincial Utility	Anthony Montoya
Federal/Provincial Utility	Julius Pataky
Transmission Dependent Utility	Terry Huval
Transmission Dependent Utility	John Twitty - PROXY: Terry Huval
Merchant Electricity Generator	Scott Helyer
Merchant Electricity Generator	William Taylor III - PROXY: Scott Helyer
Electricity Marketer	Trent Carlson - PROXY: Chris Hajovsky
Electricity Marketer	Roy True
Large End-use Electricity Customer	John A. Anderson
Large End-use Electricity Customer	Michelle D'Antuono
Small End-use Electricity Customer	Lawrence Nordell
Small End-use Electricity Customer	Charles Acquard
Independent System Operator/Regional Transmission Organization	Terry Boston - PROXY: Tom Bowe
Independent System Operator/Regional Transmission Organization	Paul Murphy
Regional Entity (WECC)	David Areghini
Regional Entity (FRCC)	John Giddens - PROXY: Sarah Rogers
State Government	Steve Oxley
State Government	Thomas Dvorsky
Non-Voting Members	
Regional Entity (RFC)	James Keller
Regional Entity (SERC)	Maureen Borkowski - PROXY: Scott Henry
Regional Entity (SPP)	Stacy Dochoda
Regional Entity (NPCC)	Harvey Reed
Regional Entity (MRO)	Dale Landgren
Canadian Federal	Tab Gangopadhyay
Canadian Provincial	Jean-Paul Theoret - PROXY: Gilbert Neveu
U.S. Federal	Pat Hoffman
U.S. Federal	Joe McClelland
Secretary	Dave Nevius

Board of Trustees	
Chairman	John Q. Anderson
Vice chair	Bruce Scherr
Member Fred	Gorbet
Member Gerry	Cauley
Member Janice	Case
Member Jan	Shori
Member Jim	Goodrich
Member Ken	Peterson
Member Paul	Barber
Member Thom	as Berry
Member David	Goulding
Member Vicky	Bailey

Regional Managers	
Texas Reliability Entity	Larry Grimm
MRO Dan	Skaar
NPCC	Edward A. Schwerdt
Reliability <i>First</i> Tim	Gallagher
SERC Scott	Henry – MRC PROXY
WECC Louise	McCarren
FRCC	Sarah Rogers – MRC PROXY

Guests	
FERC Aileen	Roder
APPA Alan	Mosher
Barry Green Consulting	Barry Green
E ON US	Bob Tallman
OPG Brian	Gooder
SERC	Carter B. Edge
FERC	Commissioner Cheryl LeFleur
ERCOT Chuck	Manning
FERC	Commissioner John Norris
WECC Constance	White
Northeast Utility	Dave Boguslawski
NERC David	Cook
EEI David	Dworzak
Hydro One	David Kiguel

Ministry of Energy & Infrastructure	Doug MacCallum
NERC	Earl Shockley
Entergy	Ed Davis
NERC	Gerry Adamski
BPA	Hardev Juj
NERC	Herb Schrayshuen
Dayton Power & Light	Hertzel Shamash
Ontario Energy Board (OEB)	Howard Wetston
Natural Resources Canada	Ivan Harvie
EPSA	Jack Cashin
NERC	Janet Sena
FERC	Jeff Dennis
PSE&G	Jeff Mueller
NPCC	Jennifer Budd Matiello
EEI	Jim Fama
NEB	Jim Davidson
FERC	Jim Pederson
NERC	Joel de Jesus
NERC	Commissioner John Norris
NERC	Kimberly Mielcarek
FERC	Larry Parkinson
FRCC	Linda Campbell
Ontario Ministry of Energy	Linda Poirier
NERC	Liz Merlucci
Dominion	Lou Oberski
Competitive Power Ventures	Mark Bennett
NERC	Mark Lauby
NERC	Mark Weatherford
FERC	Martin Kirkwood
FERC	Mary Cain
Dominion	Mike Gildea
NERC	Mike Moon
NERC	Mike Walker
IESO	Mike Yealland
FERC	Norman Bay
Canadian Electricity Association	Patrick Brown
Canadian Electricity Association	Pierre Guimond
NERC	Rebecca Michael

NERC	Ric Cameron
FERC	Roger Morie
Duke Energy	Sam Holeman
WECC	Steve Goodwill
Exelon	Steve Naumann
NERC-consultant	Stuart Brindley
Hogan & Horton	Susan Court
Exelon	Susan Ivey
NERC	Susan Turpen
Hydro-Qubec Transenergie	Sylvain Clermont
Midwest ISO	Terry Bilke
NERC	Tina McClellan
First Energy	Tom Burgess
FERC	Thomas Sheets

Draft Minutes

Member Representatives Committee

May 11, 2010 | 12–4:00 p.m.
Hyatt Regency Baltimore Inner Harbor
300 Light Street
Baltimore, MD 21202
410-528-1234

Member Representatives Committee (MRC) Chairman Ed Tymofichuk called to order the information portion of the North American Electric Reliability Corporation MRC meeting on May 11, 2010 at 12 noon, local time. The meeting announcement, agenda, and list of attendees are attached as **Exhibits A, B, and C**, respectively. As normal, no phone-ins were prearranged.

NERC Antitrust Compliance Guidelines

Dave Nevius, senior vice president and committee secretary, called attention to the NERC Antitrust Compliance Guidelines distributed with the agenda.

Information Session

The following items were presented to the committee for information:

- a. Mike Assante, VP and chief security officer, reported the status of HILF Activities and Findings.
- b. Mark Lauby, director of reliability assessment and performance analysis, presented status reports on the following assessment activities.
 - 2010 Summer Reliability Assessment
 - 2010 Long-Term Reliability Assessment Emerging Issues
 - Special Reliability Assessment on Swift Economic Recovery
 - Special Reliability Assessment on Environmental Protection Agency Regulations

Copies of the presentations are posted on the NERC website.

Introductions and Chairman's Remarks

Chairman Ed Tymofichuk called to order the regular meeting of the committee at 1 p.m., local time and declared a quorum present. Mr. Tymofichuk welcomed and introduced new committee members:

- Carol Chinn, chief operating officer, American Transmission Company, LLC – Investor Owned Utility Sector
- Charles Acquard, executive director, National Association of State Utility Consumer Advocates (NASUCA) – Small End-Use Electricity Customer
- David Areghini, associate general manager, Salt River Project – Regional Entity Sector – Voting (WECC)

Mr. Tymofichuk also announced the following proxies:

- Edward Schwerdt for Bruce Campbell – Regional Entity Sector Non-Voting (NPCC)
- David Mohre for John Prescott – Cooperative Sector
- Michelle D’Antuono for Walter Brockway – Large End-Use Customer Sector
- Gilbert Neveu for Jean Paul Theoret – Canadian Provincial Government Sector Non-Voting

Commissioner John Norris, FERC

Gerry Cauley, NERC President and CEO introduced Commissioner John Norris of the Federal Energy Regulatory Commission (FERC). Commissioner Norris thanked Mr. Cauley for inviting him to the meeting and stated he is very interested to listen and learn what NERC does and would like to get up to speed on reliability matters.

Minutes

The MRC approved the draft minutes of the February 15, 2010 meeting and the April 20, 2010 Conference Call meeting. (**Exhibits D and E**).

Future Meetings

The MRC approved May 3–4, 2011 meeting in Washington, D.C. as a future meeting date and location. The MRC also approved the change made to the November 2010 meeting location from New Orleans, LA to Atlanta, GA.

Remarks by Gerry Cauley – NERC President and CEO

Mr. Cauley, NERC President and CEO stated the new course for the ERO, which has been widely communicated through the industry and is focused on reliability performance, risk management and becoming a learning industry. He added that at the same time, NERC is focused on maintaining compliance with reliability standards and being a trusted advocate for reliability.

Mr. Cauley also discussed the challenges NERC faces with the March 18 FERC orders, the active efforts made in the Standards and Critical Infrastructure Protection areas, and efforts to get more feedback to the industry in the form of Lessons Learned.

In closing, Mr. Cauley stated NERC has a lot of work to do and believes fundamentally that all stakeholders are looking for the same common goal, that being, reliable and affordable electricity for the customers, and in order to provide that we need to engage in constructive dialogue on all levels.

MRC Members to the Board of Trustees Nominating Committee

Chairman Tymofichuk announced the names of the MRC representatives to the Board Nominating Committee:

- Ed Tymofichuk – MRC Chairman
- Bill Gallagher – MRC Vice Chairman
- Scott Heyler — Merchant Electricity Generator Sector
- John Anderson — Large End-Use Electricity Customer Sector
- Dale Landgren — Regional Entity Sector (MRO)

Chairman Tymofichuk called on Janice Case, Chairman, Corporate Governance and Human Resources Committee (CGHR) and NERC Board Member. Ms. Case gave a brief overview of the Trustees Self Assessment, indicating that at this time the Board does its own self assessments each December. This year the Board has decided to have the MRC involved in the self assessments process to get stakeholder input. A draft survey will go out shortly for review by the MRC. The self assessments will be in place by December of 2010 and will be able to be completed online along with room for comments on how to improve the Board's effectiveness.

FERC March 18 Orders, NOPRs, and Policy Statements

NERC Filings to Date and Options for Responding to other FERC Directives —

David Cook, VP and general counsel discussed the FERC March 18 Orders. Mr. Cook stated the item that received most attention was the policy statement on penalty guidelines. He added on April 15 the Commission issued an order that suspended the penalty guidelines and set a 60 day comment period. NERC will be filing comments in that docket. The most important March 18 Order from NERC's perspective was the order directing NERC to change its standards development process to ensure that a negative vote from the ballot body cannot prevent NERC from filing a standard that is responsive to a FERC directive. NERC has filed for rehearing of that order and many others. It is vital that NERC, the Stakeholders, and Commission all understand each other as we are thinking through possible changes to the standards process.

Options for Approving Standards to Comply with Regulatory Directives — Gerry Adamski, VP and director of standards, discussed several options for revising the standards process in response to one of the March 18 orders. These options are for discussion only, as there have not been any decisions or outcomes at this time and input is welcomed. Mr. Adamski then addressed the list of options.

Following MRC discussion, John Q. Anderson, Board Chairman thanked the committee and indicated it would take up this issue at its meeting the next day

Standards Initiatives and Issues

CIP Standards – Version 4 — Gerry Adamski, VP and director of standards, extended his gratitude to the drafting team regarding their hard work on these standards, and gave an update on the CIP Standard 4 which contains two standards, CIP-010 and BES Cyber System Protection. Mr. Adamski also indicated these draft standards are out for an informal comment period through June 3, 2010.

Mr. Adamski stated the drafting team will hold a Technical Industry Workshop on May 19–20, 2010 (in coordination with the SPP Regional CIP Workshop) to communicate with the industry concerning the revised and new CIP standards, including discussions of strategy and approach, and gain initial industry feedback. Following collection of stakeholder feedback from the informal posting period and the workshop, the team will prepare a set of proposed standards for a formal posting period beginning in July. The revised CIP standards are on target and scheduled for completion by the end of 2010. The team is also anticipating a discussion with FERC staff later this month to review the product relative to Cyber Security Order 706 directives.

Informal Guidance Process vs. Formal Interpretations — Gerry Adamski, VP and director of standards, reviewed the Informal Guidance Process vs. Formal Interpretations. Mr. Adamski stated that NERC is proposing to implement an Informal Guidance Process to complement the efforts that are underway to issue public compliance application notices. The idea is to reduce reliance on our formal processes for interpretation by providing effective guidance in a written fashion, in essence to provide more information to stakeholders in a timely fashion. The growing concern at the Board and industry level is that we are devoting an enormous amount of resources to providing interpretations instead of focusing resources on revising standards. Feedback was requested from the MRC.

Lessons Learned from Event Analyses

Dave Hilt, vice president and director of operations and engineering, presented NERC’s new approach for providing lessons learned and other feedback to the industry based on event analyses. Mr. Hilt stated that since February NERC has delivered six lessons learned. To develop the lessons learned, NERC has worked closely with the newly formed Event Analysis Working Group (EAWG), a joint working group of the Operating Committee, Planning Committee, Regional Entities, and NERC. Each of the lessons learned is reviewed by the EAWG for relevance, content, and accuracy. There is also a review process which involves the stakeholders to give input on the lessons learned. The input received to date has been very helpful.

Mr. Hilt also stated we are in the process of developing webinars covering the lessons learned and other self-help tools and education that will be provided to the industry.

Carol Chinn, MRC member representing the Investor Owned Utility Sector, commented on how positive this process is and wants to see more lessons learned. Ms. Chinn also discussed how this can help prevent some of the violations coming in the front-end by learning from each other.

Discussion of NERC Priorities, Goals and Objectives

Three-Year ERO Performance Assessment — Dave Nevius, senior vice president and committee secretary gave an overview of the summary of highlights, accomplishments to date, and priority objectives related to the Three-Year ERO Performance Assessment, Crowe Audit, NERC Corporate Goals and Objectives, and ERO Vision.

Building a Culture of Compliance— Chairman Tymofichuk reviewed “Building a Culture of Compliance” and what might be done to build a stronger culture and to promote “excellence” in bulk power system reliability performance.

Following discussion, Michael Moon, director of compliance operations, stated we are in the process of drafting an ERO Culture of Compliance whitepaper, which will be in the final draft sometime in July 2010.

Update on Frequency Response Initiative

Bob Cummings, director of system analysis and reliability initiatives, gave a presentation on the Frequency Response issue and described what it plans to address.

Integrated Reliability Risk Assessment Initiatives

Mark Lauby, director of reliability assessment and performance analysis discussed the on-going efforts to develop a risk-based approach to assess reliability trends. Mr. Lauby called on Herb Schrayshuen, chair of the Reliability Metrics Working group who gave a presentation on Integrated Reliability Risk Assessment Initiatives. There will be a whitepaper developed and delivered to the Operating and Planning Committees for review at the June 2010 meetings in Vancouver.

Critical Infrastructure Protection (CIP) Activities

Mike Assante, VP and chief security officer provided updates on the following CIP activities.

Cyber Risk Preparedness Assessment (CRPA) Update— CRPA is a voluntary project designed to assess the current cyber resiliency capabilities of bulk power system 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 can be shared with industry. A kit has been developed using all the tools used to conduct the exercises, and all that information will be turned over at a conference that will be held in late summer or early fall.

CIP Alerts— The ES-ISAC has produced seven CIP Alerts in 2010 and one joint CIP awareness bulletin with DHS, DOE, and FBI regarding remote access threats. NERC is strengthening its CIP partnership with U.S. and Canadian government authorities to facilitate two-way information exchanges to enhance knowledge of critical infrastructure threats and risks. NERC is also promoting CIP incident reporting and is working with the Regional Entities to conduct security event/incident analysis and improve security practices. Each of these focused efforts has provided information that has been evaluated and developed into CIP Alerts.

National Infrastructure Advisory Council (NIAC) Critical Infrastructure Resilience Study— The National Infrastructure Advisory Council (NIAC) has asked NERC President and CEO Gerry Cauley and NERC vice president and chief security officer, Michael Assante to participate in the recently-formed “A Framework for Establishing Critical Infrastructure Resilience Goals Working Group”. NIAC forms study groups on different issues to provide recommendations to the President of the United States for the formation of policy.

Critical Asset Survey— This issue is integrated with the revisions to the CIP Standards, in particular CIP-010 as a current proposed informal comment draft. NERC conducted a reoccurring survey of all registered entities focused on how they are identifying critical assets in accordance with CIP-002 versions 1 and 2. Results of the surveys are currently being shared to stimulate learning and take a look at the issues involved with identification of critical assets. The current report being shared is July 2009 – January 2010 survey. The survey added a high-level view of the identification of Critical Cyber Assets associated with Critical Assets, which was new compared to previous reports.

White House Policy on Geomagnetic Disturbances— Dr. Tammy Taylor, senior analyst, Office of Science and Technology Policy, National Security and International Affairs Division, Executive Office of the President, presented the White House’s thoughts on geomagnetic disturbances.

2011 Business Plan and Budget

Mike Walker, chief financial and administrative officer, gave an overview of the highlights of the 2011 draft Business Plan and Budget, which was presented earlier in the Finance and Audit Committee (FAC) meeting. Mr. Walker also noted there was a webinar held in April, 2010 discussing the 2011 Business Plan and Budget. More information can be found at: http://www.nerc.com/filez/business_plan_2011.html.

“Welcome to Baltimore” remarks by Ken DeFontes – President and CEO, Baltimore Gas and Electric Company and Senior Vice President, Constellation Energy

Ken DeFontes, President and CEO, Baltimore Gas and Electric Company and senior vice president, Constellation Energy welcomed NERC to Baltimore. Mr. DeFontes is also a member of the ReliabilityFirst Board. Mr. DeFontes applauded NERC for its efforts to promote a culture of reliability throughout the industry.

Information Only

Chairman Tymofichuk noted that the agenda contained an Update on Regulatory Matters. No further discussion occurred.

Adjournment

There being no further business, the meeting was terminated at 4:30 p.m.

Submitted by,



David R. Nevius
Secretary

Conference Call Draft Minutes Member Representatives Committee

July 8, 2010 | 11 a.m.–Noon
Dial in: 800-899-6991

Chairman Tymofichuk convened a duly-noticed open meeting by conference call of the North American Electric Reliability Corporation's Member Representatives Committee (MRC) on July 8, 2010 at 11 a.m. EDT. The meeting announcement, agenda, and list of attendees are attached as **Exhibits A, B, and C**, respectively. No roll call was taken and no quorum was required.

NERC Antitrust Compliance Guidelines

David Nevius, committee secretary, directed the participants' attention to the NERC Antitrust Compliance Guidelines.

Review of August 4, 2010 Draft MRC Agenda

Chairman Ed Tymofichuk reviewed the preliminary agenda for the upcoming August 4, 2010 MRC meeting in Toronto, ON (**Exhibit D**).

Chairman Ed Tymofichuk:

- Confirmed that Laura Formusa, President and CEO of Hydro One will be present at the meeting to welcome NERC to Toronto;
- stated that NERC President and CEO Gerry Cauley will discuss the NERC office relocation to Atlanta;
- noted there will be discussion on "Culture of Reliability Excellence" during the MRC meeting — background material will be included in the agenda package to help shape the discussion;
- reviewed the process and timetable for nomination and election of MRC Officers and Members;
- discussed the overall schedule of meetings for August 4 and 5, 2010; and
- confirmed that the November 3 and 4, 2010 MRC and board meetings will take place in Atlanta, GA.

Review of August 5, 2010 Draft Board of Trustees Agenda

Chairman Tymofichuk reviewed the preliminary agenda for the August 5, 2010 Board of Trustees meeting in Toronto, ON (**Exhibit E**). He also discussed the ESCC's draft Critical Infrastructure Strategic Roadmap, which will be considered by the board for industry-wide comment.

Meeting Adjourned

There being no further business, the call was terminated at 12:00 p.m. EDT.

Submitted by,



David R. Nevius
Committee Secretary

UNITES STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Reliability Standards Development and
NERC and Regional Entity Enforcement

Docket No. AD10-14-000

Comments of Joint Consumer Advocates on
FERC-NERC Relations

The National Association of State Consumer Advocates (NASUCA), National Consumer Law Center, Inc. (NCLC), Public Citizen's Energy Program, and the Electricity Consumers Resource Council (ELCON) (together, "Joint Consumer Advocates") appreciate the opportunity to submit post-conference comments on reliability standards development and NERC and Regional Entity enforcement of such standards.

During the July 6 FERC Technical Conference, there was considerable discussion about the creation of a new CEO-level forum to interface with FERC Commissioners as one component of improving FERC-NERC communications.

As representatives of organizations with a vital interest in effective and efficient wholesale electricity, our initial reaction to such a proposal is one of considerable concern.

For years the old NERC – the North American Electric Reliability Council – was almost exclusively comprised of representatives from the investor-owned utility (IOU) community. Others, including representatives from consumer groups, were effectively excluded from NERC's committees and operation. The new NERC is to be commended for its fair, balanced, open and inclusive operation. We believe the new NERC is responsive to the needs of all stakeholders, including consumers.

We certainly understand why IOU CEOs would jump at the chance to participate in what the press described as a forum to "bring together FERC commissioners, NERC executives and CEOs of major utilities, among others, to discuss electric reliability issues 'preemptively' before the commission weighs in." The lack of any consumer participation, while perhaps an oversight, is striking.

We support the concept of high-level discussions, consistent with the requirements of the Federal Advisory Committee Act, as Chairman Wellinghoff has suggested, and we agree that such a forum might well decrease the possibility of protracted legal challenges. But we fear that the CEO-level forum being proposed would, in practice, result in an exclusive group with minimal if any consumer representation. We all support greater FERC-NERC communication and cooperation, but we believe that we should try to achieve that objective using the existing structure before we create new entities and new procedures.

Respectfully submitted,
JOINT CONSUMER ADVOCATES

NOTICES & COMMUNICATIONS

Notices and communications with regard to these proceedings should be addressed to:

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Dated: 26 July 2010



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July 28, 2010

Via electronic mail to dave.nevius@nerc.net

John Q. Anderson, Chairman
North American Electric Reliability Council
116-390 Village Boulevard
Princeton, New Jersey 08540-5731

Re: Standards and Standards Process Issues (MRC-7)

Dear John:

This responds to your letter of July 21, 2010 included in the materials for the August 4, 2010 Member Representatives Committee meeting. As a representative of the TDU sector, I have several concerns about the “Executive Forum on Reliability” to which you refer, and which is agenda item 7.c.

I support the goal of improving communication among NERC, regulators, and the industry about high-level policy issues, but that goal should be achieved in a manner that does not duplicate or undermine existing processes. The July 6 technical conference at FERC provided a forum for a constructive discussion. An annual technical conference along similar lines could improve communication among the parties involved on such high level policy issues, including with respect to standards setting and enforcement priorities. Such meetings would likely serve, in a more efficient way, the purpose for which the “Executive Forum” was proposed without the need for forming a new formal group, with responsibilities and purposes overlapping with existing groups, and that will impose new issues of how to achieve balance, as well as burden regulators and stakeholders with participating in and monitoring yet another committee.

I oppose the creation of a new executive forum that will duplicate, in part, the role of the MRC. I am a CEO, as is John Twitty, the other TDU sector representative, and as are a number of the other representatives on the MRC. If the concern is that the MRC has evolved to the point that it is no longer populated by CEOs in all segments, then we need to strengthen the MRC and encourage CEOs to fill more of the seats, not develop a “work around” additional structure that will serve similar purposes.

If, over these objections, this “Executive Forum” is created, it must include the same balanced stakeholder representation as now exists on the MRC, including TDU representation, which the proposal does not include. TDUs

John Q. Anderson

July 28, 2010

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have distinct interests because they generally do not own or operate transmission plant but may own or operate interconnection facilities that are considered part of the bulk power system. Large cooperative or public power entities do not necessarily share the same perspective on reliability issues, and are no substitute for TDU representation, as is currently provided for on the MRC.

I also urge that any such forum should meet relatively infrequently (e.g., no more than twice a year). The proposal to meet in conjunction with the Board and MRC meetings (a) highlights that the proposed forum is redundant and (b) would not alleviate the concerns about efficiency and accessibility because the commitment of another half day of representatives' time, plus additional staff preparation time, would be a significant burden for small entities.

Finally, I urge that if a new body is created, it should serve as a forum for communication on high level policy issues, rather than take on any decision-making role. Nor should it function as an additional advisor to the NERC Board, supplanting the role of the MRC.

Thank you for considering these concerns. I look forward to discussing this issue in Toronto next week.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Huval". The signature is fluid and cursive, with a long horizontal stroke at the end.

Terry Huval, P.E.
Director, Lafayette Utilities System



July 29, 2010

John Q. Anderson
Chairman, NERC Board of Trustees
North American Electric Reliability Corporation
c/o dave.nevius@nerc.net

Dear Chairman Anderson:

The American Public Power Association (“APPA”) thanks you and the NERC Board of Trustees for the opportunity to provide the following Policy Input in advance of the NERC Board’s August 4 – 5, 2010 meetings in Toronto. APPA provides comments on the issues raised in your July 21, 2010 letter to Ed Tymofichuk, Chairman of the NERC Member Representatives Committee. These issues include *Standards and Standards Process Issues (grouped as Agenda Item MRC-7)* and *Building a Culture of Reliability Excellence (MRC-8)*, which continues the discussion of this issue initiated by Mr. Tymofichuk at the May 2010 MRC meeting.

Standards and Standards Process Issues (MRC-7)

As your letter notes, the Board is actively interested and engaged in the consideration of ways to improve how NERC develops reliability standards as well as the quality, timeliness, and responsiveness of those standards, including: options for Board oversight of the standards development program; how best to improve communications and working relations among senior leaders at the Federal Energy Regulatory Commission (“FERC”) and its counterparts in Canada, NERC, and the industry, through the establishment of an “Executive Forum on Reliability” or other approaches to improve communications; and consideration of the views of the MRC and other stakeholders on issues raised by the July 6, 2010 FERC technical conference.

Options for Board Oversight of the Standards Development Program

MRC Agenda Attachment 7b poses the following Discussion Questions, which APPA addresses in turn.

Discussion Questions

1. What is the nature of the oversight and direction that the Board of Trustees should provide to the standards development program to ensure the success of the ERO and improve reliability?

The Standards Committee would benefit from the policy direction and guidance of the Board, particularly as the Board develops its annual Business Plan and Budget and the Standards Committee works with NERC staff to develop NERC’s Three-year Reliability Standards Development Plan (“RSDP”). Both efforts require choices between competing uses of scarce resources, regardless of whether the frame of reference is the NERC budget and the allocation of

staff resources, or which Standards Projects are deemed “High Priority.” These are choices that cannot and should not be made in a vacuum by the Standards Committee. The NERC Board and other policy-makers have a pivotal role in this process.

2. Should the board consider forming a standards committee of the board to address this oversight role and to provide additional emphasis?
3. What activities could the board, or a committee of the board, undertake to improve the oversight of the standards development program?

APPA would support creation of a Board of Trustees Standards Committee (“BOTSC”) if the Board committee’s role is focused on policy issues. A BOTSC would allow a subset of Board members to focus on the complexities of the NERC standards process, thereby better informing full Board consideration of policy issues. APPA is concerned, however, that the scope of functions and responsibilities of a BOTSC will inevitably overlap with the roles and responsibilities the NERC Standards Committee (“SC”). As the Board knows, the SC actively manages the NERC standards process and has initiated significant process improvements such as Results-Based Standards, quality controls on new standards, and prioritizing standards development projects in the Three-Year Reliability Standards Development Plan. The SC closely monitors the development progress of NERC’s numerous drafting teams. When drafting teams slip off their planned schedules, the SC attempts to take steps to address project slippage. Nonetheless, there is only a limited toolbox available to get such projects back on schedule. The process improvements adopted in the new Standard Processes Manual as well as broader availability of technical writers should help in this effort.

Direct Board oversight of NERC standards program activities could be duplicative and may necessitate an increase in NERC staff, to for example, prepare and post a monthly BOTSC Agenda, which presumably would need to be sequenced to follow the Standards Committee’s monthly meeting. Direct Board involvement in oversight and direction of drafting team activities would also risk sending mixed signals to industry participants. On the other hand, a BOTSC could take up standards that are approved by stakeholders between regular meetings of the full Board. This step could smooth out the standard process workload for drafting teams, the industry and NERC staff and reduce lag in submitting approved standards for regulatory approval.

4. How can the board improve its oversight of the remaining standing committees: OC, PC, CIPC, CCC, and PCGC, particularly with regard to timely delivery of results that have an impact on improving bulk power system reliability?

With respect to the Board’s oversight of NERC’s standing technical committees – the OC, PC and CIPC – APPA will defer to the comments of others. The self-directed technical work of these committees is a core element of the stakeholder volunteer-based foundation of NERC. The Standards Committee is endeavoring to make more effective use of the “subject matter experts” (“SMEs”) that make up these committees and their numerous subcommittees, task forces and working groups, to ensure that the technical foundation for NERC reliability standards is firmly laid before standards projects are initiated. The BAL-003 frequency response project is a prime

example of the conflict in expectations that can occur when technical research, analysis and understanding of the underlying operational issues lags behind the policy impetus to develop and adopt a specific reliability standard addressing a perceived reliability gap.

5. What is an appropriate set of responsibilities for the CCC, considering the current role of the BOTCC and staff in implementing the compliance program?

APPA would support efforts to reinvigorate the Compliance and Certification Committee, to act more forcefully as a compliance and enforcement ombudsman on behalf of the industry, to ensure that “lessons learned” are communicated to the industry, and to promote process improvements that help ensure enforcement is fair and does not impose unneeded regulatory burdens on registered entities.

Strategies to Improve Communications and Working Relations Among Senior Leaders at FERC and its Counterparts in Canada, NERC, and the Industry

For the purpose of spurring discussion, MRC Attachment 7c presents one suggested framework for an “Executive Forum” that would meet periodically, perhaps in conjunction with NERC BOT and MRC meetings. Attachment 7c then poses the following Discussion Questions for industry consideration and comment.

Discussion Questions

1. Would an executive forum provide an effective means to improving communications and working relations among regulators, the ERO, and industry on reliability matters?
2. Are there alternative approaches?
3. Who should participate in the executive forum? Is the proposal sufficiently balanced?
4. Does the proposal for open meetings and observer comments provide sufficient transparency and openness?
5. Does tying sessions to the NERC board and MRC meeting adequately address concerns for efficiency and accessibility by stakeholders?
6. Would the success of NERC in achieving its reliability objectives as the ERO be enhanced by allowing the industry executive involved in such a forum to act as an advisory group to the NERC board?

APPA suggests that the most sustainable path going forward to improve communications and working relationships among senior FERC leaders and their counterparts in Canada, NERC, and the industry is to build upon existing committee relationships, principally the NERC Board and the MRC. A standing Executive Forum that is separate and apart from existing committees and task forces could confuse lines of communication and dilute participation in other committee activities. Creation of a separate stakeholder-based body apart from the MRC also raises difficult issues of balance, inclusiveness and effectiveness.

NERC Board Members need to forge more direct relationships with government policy-makers in the United States and Canada. As discussed in APPA's July 26 Post-Technical Conference Comments submitted to FERC in Docket No AD10-14-000, NERC's proposals to enhance high-level executive and policy-maker communications should focus first and foremost on recurring core ERO functions, such as the NERC Business Plan and Budget and setting development priorities within the Three-year Reliability Standards Development Plan.

The NERC Board should also continue to forge stronger direct relationships with stakeholders, through NERC meetings and outreach to the members of trade associations and regional industry groups. These are the types of personal and institutional relationships that all organizations call upon in time of stress.

The MRC should consider whether to form an Executive Committee of its own to represent industry stakeholders in high-level policy-making meetings among NERC and government agencies. A greater focus on senior management participation in the MRC by all industry segments should be encouraged as well.

Particularly where recurring NERC program activities are concerned, in areas such as development of the NERC Business Plan and Budget and the Three-Year Reliability Standards Development Plan, a subset of Board and MRC members could provide valuable policy guidance early in the plan development process and help NERC reconcile competing resource needs and priorities with competing regulatory objectives.

Other Issues Raised During and Comments Filed Following the July 6, 2010 FERC Technical Conference.

APPA's July 26 Post-Technical Conference Comments to FERC in Docket No. AD10-14-000 identified a number of daunting challenges facing the electric utility industry in the near future, including:

- The proper balance between reliability and cost to customers, including the trade-offs between increased investment at the bulk power and local levels;
- Strategic objectives and design basis threats with regard to protecting the physical and cyber security of our critical electric and other infrastructures;
- Integration of large quantities of renewable generation with variable output patterns and locations that are remote from load;
- Reliability and operational impacts of major transmission upgrades associated with greater reliance on remote resources;
- Cost-effective deployment of demand-side management and SmartGrid devices into both distribution systems and the bulk electric system;

- Planning for increased electric industry reliance on conventional and non-conventional sources of natural gas;
- Impacts on utility reserve margins and operations of new environmental regulations; and
- Impact on reliability of limits on greenhouse gas emissions through legislation or regulation.

Nearly all of these issues were directly raised at the July 6 FERC Technical conference. APPA firmly believes that NERC can and must perform a pivotal role in framing the public policy issues associated with these challenges. However, NERC's role is to frame the technical issues these challenges raise in terms of their impact on bulk electric system reliability. No other organization is as well-equipped to speak to reliability issues with authority as NERC.

Nonetheless, the executive-level communications strategy required to support this ongoing responsibility does not easily lend itself to a standing "executive forum." Rather, the mix of affected industry and public interest groups, state, federal and provincial policy-makers, and diverse subject matter experts calls for a much more *ad hoc* approach, through which NERC works with FERC and the industry to convene periodic special topic "Reliability Summits."

APPA would also like to flag one issue that was not discussed in any detail in its oral testimony and written comments to the Commission. At the July 6 technical conference, BPA Administrator Steve Wright outlined certain intriguing ideas concerning a "reliability cost curve" that mirrors the reliability risk curve that NERC CEO Gerry Cauley has discussed (Tr. 46-47, 51-52; see also 82-83). Conceptually, NERC and its stakeholders and regulators should be in the reliability trade-off business – that is, the cost of mitigating one reliability risk needs to be compared, based on the fragmentary information that is available, against making corresponding investments or expenditures to mitigate other reliability risks. Similarly, BES reliability decisions need to be weighed against other uses of government and private-sector funds, which ultimately will be borne by either taxpayers or our electric ratepayers.

To date, NERC has not attempted to make such tradeoffs explicit. Instead, these considerations are either made in private, in the individual decisions of ballot pool members, executives, and government officials, or subsumed within notions of public interest necessity. Nonetheless, we need to develop a new vocabulary to discuss such issues and articulate why even BES reliability improvements need to meet a public interest test.

Building a Culture of Reliability Excellence (MRC-8)

The background material for this item included a number of questions and statements on which Mr. Tymofichuk and Mr. Anderson have encouraged committee members to submit written comments in advance of the MRC meeting:

- What organizational behaviors illustrate a culture of Reliability Excellence?

- What might be some of the attributes of these behaviors?
 - Encouraging employees to identify reliability improvement opportunities
 - Corporate boards and CEOs making Reliability Excellence a corporate goal or priority
 - Formal mechanisms in place to drive reliability improvement
- How would you measure that behavior and its characteristics?
- How should that behavior be promoted so entities go beyond just the “letter” of the standards?
- Should compliance be viewed as a necessary but not sufficient element of “Reliability Excellence”?
- What is the concept of compliance “margin”?
- Is there a difference between managing reliability vs. managing compliance?

NERC has made a corporate commitment to becoming a “learning organization” by measuring industry performance through a series of reliability metrics that will provide a feedback loop from reliability metrics to self-improvement and improved standards. The underlying necessary precondition is individual curiosity and an eagerness to identify, correct and then learn from your own mistakes. This process of self-improvement needs to be inculcated – and rewarded – from within organizations, starting from the top down.

The fundamental contradiction that NERC – and by extension the industry – faces is that organizations under heavy stress do not learn as effectively or efficiently as those with sufficient resources (time, money, staff) to study how they’ve performed in the past with a mind toward improvement. Organizational stress rewards “satisficing” behavior,¹ where achieving the minimum performance objective (basic compliance) is required, falling short is penalized, and excellence is neither measured nor rewarded.

One answer to this dilemma is to create separate organizations, such as the North American Transmission Forum, which have as their sole mission encouraging operational excellence. However, many small and mid-sized organizations lack the resources to participate in such INPO-like organizations or to make full use of the potential improvements made possible by the sometimes brutal self-assessment process under that model. INPO-like processes reduce

¹ From Wikipedia, “satisficing” is described in part as:

... a decision-making strategy that attempts to meet criteria for adequacy, rather than to identify an optimal solution. A satisficing strategy may often be (near) optimal if the costs of the decision-making process itself, such as the cost of obtaining complete information, are considered in the outcome calculus.

The word *satisfice* was coined by Herbert Simon in 1956.[2][3] He pointed out that human beings lack the cognitive resources to maximize: we usually do not know the relevant probabilities of outcomes, we can rarely evaluate all outcomes with sufficient precision, and our memories are weak and unreliable. A more realistic approach to rationality takes into account these limitations: This is called bounded rationality.

See: <http://en.wikipedia.org/wiki/Satisficing>

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organizational search costs that would otherwise be incurred to ensure excellence and create (or recreate) peer pressure in support of sustained excellence. INPO also conducts its business out of public view, subject to strict confidentiality rules.

Many of the learning and self-improvement concepts outlined above can be reinforced within a NERC environment of mandatory standards with financial penalties, by tying NERC compliance and enforcement decisions to processes that ask whether the underlying reliability objective in a standard has been achieved and giving significant credit to registered entities for exceeding required levels of performance. A commitment by a registered entity to a performance improvement program should garner some level of credit in its compliance audits. Measurable and sustained performance improvements over time are worthy of additional credit – and public recognition of that fact.

Finally, entity participation in NERC committee and standard drafting team activities is an important indicator of a commitment to building a culture of reliability excellence as well.

Sincerely yours,

Allen Mosher

Senior Director of Policy Analysis and Reliability

American Public Power Association

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**EPSA Policy Input to the NERC Board of Trustees
July 28, 2010**

On behalf of its member companies, the Electric Power Supply Association (EPSA) appreciates the opportunity to provide comments in advance of next week's NERC Member Representatives Committee (MRC) and Board of Trustees (BOT) meetings in Toronto. EPSA commends the NERC BOT and NERC management efforts to implement the successful evolution of NERC as the Electric Reliability Organization (ERO).

The BOT has specifically requested input on MRC agenda item 7 on the Standards and Standards process issues including Board oversight of the standing NERC Committees, the concept of an executive forum and the culture of reliability excellence. Generally EPSA supports the Board providing more input regarding priorities for the three year work plan to the Standards Committee, as well as greater executive-level discussion among FERC, NERC, Canadian governmental authorities and industry about reliability. Herein, EPSA provides more specific input on these items by answering the questions included in the MRC agenda packet.

Executive Forum

The recent March 18 orders issued by FERC, and the response by NERC and industry to those orders, demonstrated the need for better communications so that the current public/private reliability collaboration can continue to be enhanced. EPSA supports the Commission's commitment expressed at the July 6 Technical Conference to improving dialogue among FERC, NERC, Canadian governmental authorities and industry, i.e., the groups that are integral components of a successful reliability standards development and compliance regime.

While EPSA believes that an executive forum on reliability matters could provide improved communications among regulators, the ERO and industry, the Technical Conference discussion of what constitutes an executive forum demonstrated that such a forum means something different to different people. These differences certainly suggest that there may be different approaches to achieve the desired improvement in communications. Accordingly EPSA appreciates NERC's initiative in "jump starting" the discussion by presenting a possible framework so that alternatives, questions and comments can be offered.

In EPSA's comments to FERC on the July 6 Technical Conference, an annual Reliability Summit is recommended that would be similar to what NERC is suggesting with the Executive Forum on Reliability (Executive Forum). Holding such a meeting annually or as needed should help improve communication and collaboration so that roles, priorities and feedback can be better understood among regulators, the ERO and industry. An open forum held in conjunction with the NERC MRC and BOT is an efficient way to convene such a forum as both the

meeting and the forum would tap into the same pool of executives to foster reliability excellence. Moreover, the proposed framework for the meeting should provide the degree of openness needed to attract adequate and appropriate participation. The meeting can be designed as an annual meeting of NERC Members and specifically target the top levels of NERC Member entities to attend.

EPSA cautions NERC against creating another layer of industry involvement as described by NERC in its proposal as that may in fact be unnecessary. Currently, the Member Representatives Committee (MRC) serves in an advisory capacity to the BOT. Consequently, if the desire is to derive additional senior level executive guidance from the MRC, then the real question to ask is how can more industry executives be encouraged to serve on the MRC, rather than whether NERC needs to create an additional layer of process in the form of an Executive Forum or committee.

The Executive Forum envisioned by NERC limits participation to just 13 CEOs and 10 key regulators. However, if several of those CEOs are unable to attend the forum and send proxies in their stead, that presents a risk that the Executive Forum does not actually have the level of executive level decision maker commitment that was the underlying premise for establishing the group. This has the potential of inadvertently (and incorrectly) sending a message that reliability is not of great importance to industry.

EPSA believes that the Executive Forum representation would be best served by having one representative from each industry segment and other segments beyond those in the possible framework should be considered for addition. One person from each segment seems sufficient unless there is a supportable reason for more. It also appears that several other industry segments are not included in framework, such as ISOs/RTOs.

NERC asks whether the ERO's degree of success will be increased if the Executive Forum is allowed to advise the BOT. Generally EPSA would say the answer is yes, but the question is not entirely clear. Would the executives provide this advisement at the Executive Forum itself, or would the group post advisories during the intervals between meetings of the Executive Forums for public comment? Would the advisement come in response to regulators' concerns? It would appear from the question that NERC potentially sees either a need for the advisement or for stakeholder endorsement of the concept. Again this would appear to be adding another layer of process regarding the MRC's current role, and may be problematic if the discussion does not occur in a public forum. However, without additional background on the concept it is difficult to provide specific guidance regarding whether or not the executive advisement would actually increase the success of the ERO in meeting its reliability objectives.

Standing Committees

The Board is seeking input regarding oversight of the standing committees, particularly the Standards Committee, as well as the other standing committees. The concern is over delivery of results in a timely manner regarding regulatory mandates, reliability risks and emerging issues. Certainly, having the Board engage in discussion with the MRC and the standing committees regarding priority initiative and deliverables will inform both the Board and the committees on the status of their initiatives and their importance. And perhaps the BOT discussion should be whether the BOT should directly impart input to the standing committees or should they do so after discussion with the MRC and let the MRC provide direction.

Culture of Reliability Excellence

EPSA appreciates NERC furthering the discussion on a Culture of Reliability Excellence by including it on the MRC Toronto agenda. Competitive suppliers have been working to provide a corporate framework for defining and reaffirming the values, principles and internal controls that electric power supply companies must follow in conducting their business activities. As part of this effort EPSA revised its Principles & Code of Ethics which is signed by each EPSA member company as a membership requirement. The last revision of the Code included a section that specifically addresses Sound Reliability Practices that joins Ethical Standards, Sound Trading Practices and Information Disclosure and Documentation and Compliance testaments. Therefore, EPSA member senior managements and boards sign and affirm the Code pledging that unlawful and unethical reliability and trading practices are not tolerated, that public disclosures of trading information are accurate, and that companies abide by these ethical standards and maintain sound reliability and trading practices.

As is outlined in the MRC agenda materials, tying measurable corporate goals, incentives and corporate compliance together is an ongoing challenge for industry. EPSA does not view reliability and compliance as concepts that are at odds with one another but intertwined. Managing reliability is an aspect of managing compliance if a company is to attain true corporate excellence. EPSA looks forward to the reliability excellence discussion as energy companies constantly strive to maintain such excellence.

Thank you for the opportunity to provide these brief comments. EPSA and its member companies look forward to next week's meetings.

Sincerely,

/s/

Jack Cashin

Director Regulatory Affairs

Electric Power Supply Association



MIDWEST RELIABILITY ORGANIZATION
BOARD OF DIRECTORS
POLICY INPUT TO NERC BOARD OF TRUSTEES
JULY 28, 2010

Pursuant to the NERC Board of Trustee's request for policy input from the NERC Member Representative Committee for the upcoming August 4, 2010, meeting, the MRO Board respectfully submits the following for consideration by the NERC Board of Trustees.

Standards and Standards Process Issues (MRC-7)

Oversight of Standards Development Process and Other Standing Committees (MRC - 7b)

A number of questions were asked and MRO would like to respond to some of them:

1) What is the nature of the oversight and direction the BOT should provide to the standards development program?

NERC, as the international Electric Reliability Organization ("ERO"), has chosen a standards process which relies on "bottoms-up" stakeholder processes with a large, diverse ballot body. The process is dependent on meaningful, technical participation from the industry which looks to develop standards for the benefit of reliability, in the broad sense. MRO believes there is insufficient "tops-down" balance with the stakeholder processes for standards development, including the Standards Committee. NERC bears the ultimate responsibility for a technically sufficient set of standards for reliability, and NERC, as a result of the process, needs to have more control on outcomes - including schedule and priorities while balancing the technical deference to the industry in the process.

2) Should the Board consider forming a standards committee of the board to address this oversight role?

Yes. MRO supports a stronger role for the Board of Trustees, through a committee, to provide more accountability for results in the standards process and review the process for improvements which address speed, responsiveness, and any real or perceived biases or impairments in the current process. Since so much of NERC's success depends on a technically sufficient set of standards, more oversight from the Trustees is warranted at this time to balance the industry-driven process with the need for NERC to fulfill its responsibilities as the independent ERO.





6) What is an appropriate set of responsibilities for the CCC, considering the current role of the BOTCC and staff in implementing the compliance program?

MRO supports a stronger emphasis in the area of internal compliance across the entire ERO enterprise in cooperation with existing stakeholder committees. Rather than the CCC or the BOTCC, NERC should consider an enterprise-wide approach through internal staff with requisite audit and compliance qualifications, reporting to the Board, who are independent from NERC program areas, regions and stakeholder groups, which monitors compliance with all rule requirements and regulatory orders; identifies potential biases or independence impairments in NERC processes, including stakeholder processes which NERC depends upon; evaluates program design (NERC); and reviews implementation practices (NERC and Regions). An enterprise-wide approach through effective control activities is necessary for NERC and the Regions to report reliably, meet compliance regulations, safeguard resources and protect the integrity of outcomes across the ERO enterprise on a consistent basis. A series of well designed “checks and balances” result in the prevention of material deviations from rules, regulations and provide an ability to address risks across the entire ERO-enterprise—an important link between governance and accountability.

Since NERC and the Regions expect rigorous compliance programs with robust, periodic self-assessments from Registered Entities, NERC and the Regions should be held to the same standards of performance as the Registered Entities. Strong internal compliance controls and risk management are essential core competencies for the ERO-enterprise.

MRO believes that an internal ERO enterprise-wide compliance program could be done with modest budget impacts through a reallocation of existing budget resources.

Executive Forum on Reliability (MRC -7c)

1) Would an executive forum provide an effective means to improving communications and working relationships among regulators, the ERO and industry?

MRO is very supportive of increasing the executive level communication amongst the listed parties. However, MRO is concerned about adding another layer to the existing Committee structure. The proposed structure does not appear to address this concern.

2) Are there alternative approaches?

Yes. Rather than creating a new forum, MRO recommends that industry sectors should be tasked with electing senior level representatives, including Chief Executive Officers, to the MRC. This, coupled with invitations from the Trustees to executive-level committees of various





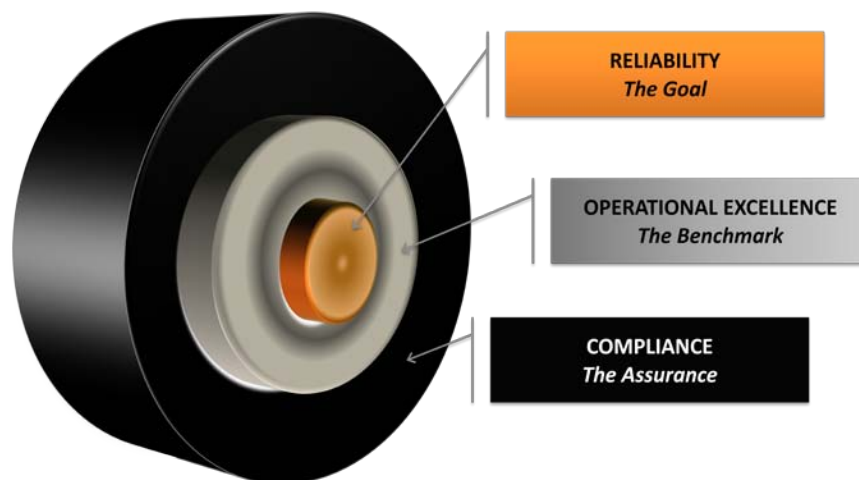
stakeholder groups to attend Trustee meetings upon occasion may provide the necessary engagement without creating another layer of administration. It is MRO's view that the most important area needed for improvement is the communications between FERC Commissioners/Senior Staff, NERC and industry stakeholders. Resulting gaps in communications create unnecessary confusion and disagreements around specific granular issues rather than on key level policy matters important to our industry. An Executive Forum separate and distinct from the existing NERC structure may not adequately address the communication gaps.

Culture of Reliability Excellence (MRC-8)

MRO represents that the industry has a high sense of “Reliability Excellence” or the “Culture of Reliability Excellence.” It is essential for their business success which has long recognized an existing public service obligation—a clear link. However, the linkage between compliance and reliability has not been so apparent.

With any start-up of major legislation, there is an emphasis on the administrative aspects, or “paperwork”, necessary to comply with the new requirements. The risk of not complying can be high. With the initial stages of mandatory standards, the emphasis seems to be on documentation of compliance (in other words, how you demonstrate your compliance with the applicable requirements). We need to take the next steps to demonstrate that compliance is not just “paperwork.”

Compliance with reliability standards should be viewed as a journey with different stages—and the initial stages which emphasized documentation are nearing completion. As we move forward, NERC and the industry should link compliance *with* operational excellence and reliability. It's not reliability versus compliance, but rather, compliance provides *a level of assurance* of meeting operational benchmarks, including mandatory standards which yield reliability to those we mutually serve.





In the inverse, compliance is a way of understanding risk. Without a compliance program, risks cannot be effectively managed nor can they provide assurance that requirements are consistently met. A strong compliance program is essential to success because it enables an understanding of risk, ways to address and manage risk, and, important to MRO, provides the assurance of both. In other words, we should ask ourselves: “How do we provide assurance that we are maintaining reliability, meeting requirements and addressing reliability risks?” This is essentially what we are looking for in a compliance program which systematically “detects, reports, corrects and prevents” potential violations of requirements and addresses risks. As H. James Harrington said:

“Measurement is the first step that leads to control and eventually improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.”

Rewards should naturally follow for those on this path and NERC and the Regions already have the necessary discretion to reward those with strong compliance programs through its sanction guidelines. While the industry can argue that rewards may not be sufficient for strong compliance programs (i.e. for self reporting), NERC and the Regions can respond to the concern without a Rule change.

In summary, this is not a paradigm shift, but a different context of how to think about compliance. It’s about assurance and addressing risks, not about “paperwork.” Compliance works in concert with reliability, as the assurance to meet the goal, rather than “compliance versus reliability.” In other words, it’s all about reliability; but what’s the assurance to meet our goal? Therein lies the critical linkages between reliability, operational excellence, and compliance. So, we should ask ourselves the following questions:

- Do we view compliance as “assurance” to operate effectively, achieve operational excellence, improve reliability and reduce risks in operations?
- Do we actively seek out potential risks and take corrective actions?
- Are self-reports the result of systematic, compliance program design, a natural outcome, or by “accident?”

The MRO Board appreciates the opportunity to provide these comments to the Board of Trustees and looks forward to productive discussion of these issues.





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**NPCC Board of Directors
Policy Input to the
August 4-5, 2010
NERC Member Representatives Committee
and
NERC Board of Trustees Meetings**

1. Standards and Standards Process Issues

- a. NPCC supports the formation of a Board level Standards Committee to provide direction and oversight to the standards development process.
- b. NPCC believes that a Board Standards Committee could provide enhanced direction with regard to the utilization of technical expertise within NERC, adequately addressing comments received, realignment of priorities, and adherence to completion schedules.
- c. NPCC supports the establishment of a separate Executive Forum on Reliability to enhance communication and coordination, in particular for the longer term, with North American regulatory authorities, with a recommended revision to the proposed framework to include up to two state regulators to provide local insights, and up to two Regional Entity CEOs to represent implementation issues.
- d. NPCC supports the current direct interaction between the Chairs of the Operating Committee (OC), Planning Committee (PC), Critical Infrastructure and Security Protection Committee (CIPC), and the Compliance and Certification Committee (CCC) with the Board of Trustees as the appropriate oversight model, but would recommend increased interaction with the Personnel Certification Governance Committee (PCGC).
- e. NPCC supports the CCC's current role of providing stakeholder oversight of NERC's adherence to its own Rules of Procedure.

2. Culture of Reliability Excellence

- a. NPCC believes that excellence in international bulk power system reliability performance can be enhanced by NERC and the Regional Entities collaboratively carrying out their respective authorities and responsibilities, and supports NERC's rebalancing of itself as a member focused learning organization.
- b. NPCC suggests that organizational components of a culture of reliability excellence include strong and ongoing training programs, robust planning and design functions which appropriately incorporate reliability risk analysis and cost/benefit examinations (including prioritization of risks), documented operating policies and procedures, thorough and rigorous events analyses processes, an internal compliance program, and effective mechanisms to translate lessons learned into future training.

3. Regional Delegation Agreement Metrics

- a. NPCC is committed to working in the ERO One Enterprise model with NERC and the other Regional Entities (REs) using the Balanced Scorecard Management System (BSC) as a framework to develop, track and manage the goals, metrics, measures, other parameters and reports governing enterprise-wide performance.
- b. NPCC agrees that much of the work done to date with respect to development of Regional Delegation Agreement metrics can be incorporated into the BSC framework.

*Submitted on behalf of the NPCC Board of Directors as approved at its July 28, 2010
Teleconference Meeting*

National Rural Electric Cooperative Association (NRECA) Policy Input to the NERC Board of Trustees (BOT)

NRECA appreciates the opportunity to provide policy input to the NERC BOT regarding several issues that will be discussed at the August 4/5 MRC and BOT meetings.

MRC Agenda Item 7 -- Standards and Standards Process Issues

- Item 7a -- NRECA is supportive of the comments NERC filed in response to FERC's March 18 orders and the comments NERC filed on July 26 regarding the July 6 technical conference. We look forward to continued collaboration among NERC and the trade associations on these important issues.
- Item 7b -- NRECA recommends that the NERC BOT consider assigning a BOT member to each standing committee and encouraging that BOT member to attend their assigned committee meetings on a regular basis to gain a more complete understanding of the important activities these committees address. A BOT member attended a CIPC meeting during the past year and it was informative for both the CIPC and the BOT member. In addition, the BOT should determine a better method for standing committee leadership to report committee activities to the BOT. Currently, each committee chair has a minute or two to report its activities to the BOT at end of two days of meetings. This does not provide the BOT an adequate opportunity to gain a more complete understanding of committee activities.

NRECA needs to better understand the purpose and role of potential formation of a BOT standards committee before being able to express a view on such a proposal. If the BOT desires to better understand the activities and work of the NERC SC, it should strongly consider having a BOT member attend SC meetings and conference calls. The SC is one of the hardest working and time consuming voluntary stakeholder committees of NERC and the BOT could benefit from seeing first-hand the work that they do on behalf of the industry and NERC. NRECA is interested in seeing more information on what a BOT standards committee would actually do and be responsible for. It would be critical for a BOT standards committee to not in any way duplicate the role of the current NERC SC and the work of standard drafting teams.

- Item 7c -- NRECA supports utilizing the MRC, or a subset of the MRC (e.g., an executive committee of the MRC supplemented with additional MRC members to ensure balance across stakeholders) for the executive forum on reliability. There are currently CEO-level members of the MRC and if more CEO (or COO or EVP) level membership is needed, then stakeholders should be encouraged to nominate such candidates for MRC

- membership. In the alternative, rules regarding MRC membership could be changed to require CEO, COO or EVP level candidates for MRC membership. The MRC is engaged in the myriad of reliability issues and is the best group to fulfill the executive forum on reliability. The industry does not need another group formed that would duplicate the current responsibilities of the MRC. We look forward to the dialogue on this topic.
- Item 7d -- Again, NRECA is supportive of the filings NERC has made in response to FERC's March 18 orders.
 - Item 7e -- NRECA supports NERC's efforts to address the remaining Order No. 693 directives. It is important for NERC to make maximum usage of existing standard drafting teams to address as many of these directives as possible. New teams should only be formed to address directives that cannot be addressed by the existing standard drafting teams.

MRC Agenda Item 8 -- Culture of Reliability Excellence

- NRECA looks forward to this discussion at the MRC meeting. Such a discussion should be premised on the ERO ensuring that its reliability standards are clear, understandable, actually needed for BPS reliability and that such standards are consistently audited/enforced across the eight Regional Entities.

July 28, 2010

NERC Board of Trustees and Members Representatives Meetings

Toronto

August 4-5, 2010

Comments of the Edison Electric Institute

On behalf of the member companies, Edison Electric Institute appreciates the opportunity to provide these comments in response to the request for input made by John Q. Anderson. EEI and member companies look forward to an active discussion of the issues at next week's meetings in Toronto.

Standards and Standards Process Issues

NERC should aim at strengthening the management of standards development teams to ensure projects are conducted efficiently and fairly. Stronger management should be applied especially for standards that reflect complex technical issues or strongly varying views on design or approach. Project teams need strong foundations on which to work, clear execution milestones, and should be held accountable for their performance. Project team leaders and participants, NERC program staff, and FERC staff all must contribute to making needed improvements.

As needed, NERC should hire expert project facilitation and technical writers, and ensure that teams include participants with legal or regulatory backgrounds. Project team diversity should include not only geographic and company size, but also subject matter expertise. As an example, in addition to CIP subject matter experts NERC should benefit from participation of other BPS planning and operations personnel on the team. Having such expertise as part of the team could help inform decision making and apply broader context to specific issues being considered by the project team. To be clear, strengthening the management of the standards development teams should not involve NERC personnel imposing their views or the views of others on the standards drafting teams, but rather facilitating the work of the team.

Along this line, the NERC Standards Committee will more proactively monitor the progress of project activity. Where teams are struggling or challenged to reach decisions, the Standards Committee needs to work with NERC management and staff to take decisive actions. At the time of Board meetings, the Standards Committee report needs to include specific descriptions of areas needing attention, including process matters.

EI applauds the work of the Standards Committee in its efforts, including revising the committee charter and making significant process changes to the standards development process manual. Properly managed, the changes should help improve the performance of project teams and help ensure process streamlining with stronger oversight of standards development teams. Specifically, the Standards Committee needs to report to NERC management and the Board of Trustees substantive issues with pending standards under development, plans to address these issues, process issues that impede or delay decisions, and where necessary, recommendations for management and Board of Trustees actions that would resolve significant problems.

While the March 18 FERC orders invite Board-level discussion and review of the standards development process, EI believes that it is premature for the Board of Trustees to form an explicit oversight committee for standards development. Other than information sharing, it is unclear what specific scope a new committee would include, and the boundaries between NERC management, the Standards Committee, and a new Board-level committee. EI notes that properly conducted NERC management and Standards Committee actions should be sufficient to ensure that the full range of standards development activities are fully addressed. Stakeholders rightfully seek to protect the standards process and standards development oversight as stakeholder-driven processes. EI appreciates the support expressed by the Board of Trustees for the goal of protecting the ANSI-certified FERC-approved process, and respectfully recommends that the Board carefully consider the appropriate roles and boundaries, especially that the Board not seek to overlap or substitute itself for NERC management, or stakeholders in the process.

For informing its decision and as an alternative to making a commitment for forming a new committee at this time, EEI recommends that the Board of Trustees take several actions. First, the Board of Trustees should articulate what goals would be achieved or problems solved by the creation of a new standalone committee, which cannot be addressed by the full Board. Second, and to inform its decision making, Board members should monitor Standards Committee meetings to better understand the Committee's activities and how the Committee interacts with NERC management and staff.

Third, the Board should seek that NERC staff work with the standards drafting teams to provide a much more complete package for Board review when seeking Board approval. Rather than presenting an overwhelming amount of procedural and decision material to the Board when approving standards, the NERC staff presentation needs to ensure that standards for Board approval are accompanied by clear explanatory text that provides the technical context and reasoning that supports the case for approval. This text, setting out the technical basis for the requirements of the standard, should also serve as the basis for seeking approval at FERC and the Canadian regulators. Fourth, the Board of Trustees should consider forming an interim task force with a defined role to examine significant technical and process issues and report within six months its observations and recommendations.

Following its information gathering process, should the Board decide to move forward with forming a new committee, EEI recommends that the committee scope be guided by the following principles:

- the standards development process should be managed with the tools and resources necessary to support timely standards development and responsiveness to the regulator.
- the standards development process should be supported by all stakeholder groups and all participants in standards development should respect their defined roles and responsibilities.

- the Board of Trustees should be fully informed about significant gaps or problems in the process that prevent or inhibit these goals from being satisfied.
- the Board of Trustees review and approval of new or modified reliability standards should be based on a review of whether the NERC standards process was followed, the merits of the standard's support for BPS reliability and responsiveness to the regulator.

Compliance Enforcement Issues

As stated in follow-up comments to FERC on the July 6 technical conference, EEI looks forward to the second technical conference on compliance enforcement. EEI is increasingly concerned that there are multiple avenues for interpreting standards through the compliance enforcement process, which need to be addressed as soon as possible.

EEI is also concerned that these enforcement interpretations may be inadvertently blurring jurisdictional BPS boundaries. Taken together, Section 215, various FERC formational orders for the Electric Reliability Organization, and the FERC-approved mandatory reliability standards, all seek to clarify these boundaries. For these reasons, EEI notes a recent NERC filing of a Notice of Violation in FERC Docket No. NP10-99 regarding a violation of CIP-001, as well as NERC's Compliance Analysis Report on CIP-001 (pages 13-14 of Version 1.1) as a potentially troublesome precedent for all companies. A recent Compliance Application Notification (CAN) that designates certain laptop computers as subject to CIP-002 as critical cyber assets raises similar issues.

Overall, EEI recommends that NERC seek to pursue two goals. First, the BPS jurisdictional boundaries in the mandatory standards need to be clearly defined and understood for purposes of standards development and compliance enforcement. Second, NERC should recognize that all activities that take place under Section 215 are a subset of those activities that comprise overall reliability excellence. Failure to achieve these two goals could have far-reaching and unintended consequences.

Culture of Reliability Excellence

EEl strongly supports the vision set forth by Gerry Cauley earlier this year on setting as first priority an emphasis on rebalancing NERC to better ensure that NERC builds a strong learning-based organization. First and foremost, this critical need to rebalance is reflected in what has quickly become an overwhelming resource demand driven by the apparent policy of enforcing all compliance violations in a nearly identical manner, the processing of inconsequential compliance violations that have no impact on BPS reliability nor the potential for impact, compliance audits that require thousands of hours to prepare and conduct, and the near-elimination of reports being produced by the events analysis program. The 'next wave,' implementation of the CIP standards, will create another order of magnitude of resource demands.

The need to rebalance is a basic strategic problem that needs to be addressed as a priority by the Board of Trustees. EEl envisions the development of a diverse toolbox for supporting this initiative and has several initial observations and recommendations in support of this timely discussion:

NERC should recognize that the culture of reliability excellence extends far beyond mandatory reliability standards and compliance enforcement. Section 215 is the foundation, intended only to focus on BPS reliability to the extent that a sudden disturbance does not result in cascading outages, uncontrolled separation, or instability. Thus, the entirety of companies' activities aimed at managing for reliability far exceeds the need to manage for compliance.

Reliability standards need to be redesigned to eliminate many requirements that are unnecessary to demonstrate performance, successfully manage BPS reliability risks, or define specific competencies. EEl supports the movement toward a new design basis, including the structure of the proposed revised FAC-003 (vegetation management) standard.

Various metrics and statistics developed to date by NERC on compliance enforcement are not useful for informing analyses of the effectiveness of the

standards, or the compliance enforcement program, in helping to ensure these programs are properly targeted on the reliability of the BPS. EEI applauds NERC for beginning to refocus this important activity.

The concept of a 'compliance margin' is irrelevant to reliability excellence. Simply put, there is not and should not be a focused effort to determine how far company performance exceeds a specific requirement. Since all FERC-approved standards support BPS reliability, the test NERC should apply is simply whether the company complies. Rather than focusing on this concept, EEI believes that the stronger challenge is to have in place various tools that help companies understand what comprises compliance, including access to informal timely guidance and interpretations of various requirements.

As previously stated in written comments to the Board of Trustees, EEI strongly believes that various features of the INPO model should be considered as part of the rebalancing effort. EEI notes that NERC is considering various tools and processes, and the North American Transmission Forum has in place several useful processes. It is important that various activities aimed at reliability excellence provide a forum for confidential discussions, strong peer review processes, information sharing on best practices and lessons learned, and where necessary, direct CEO-level involvement.

EEI also notes that there are several activities underway to re-energize and re-focus the events analysis program. In particular, the Events Analysis Working Group (EAWG), a joint OC-PC activity, has begun work that will aim at fortifying the program. EAWG deserves strong stakeholder support and active participation as a critical component supporting reliability excellence.

NERC should consider including in its communications and outreach activities the development of materials that demonstrate the depth and breadth of reliability excellence. EEI believes that it is very important for NERC to be proactive with FERC commissioners and Congressional leadership on the broad range of industry activities that support reliability.

Executive Forum on Reliability

FERC

EI believes that the July 6, 2010 FERC Reliability Standards Development Technical Conference was very productive. The active participation of the FERC chairman and all commissioners provided an outstanding opportunity for NERC and stakeholders to bring to the Commission's attention various technical and process issues that affect standards development and, ultimately, Bulk Power System reliability. This level of engagement on the issues at the Commission provides a strong, open, and transparent forum that needs to continue. EI is pleased that the Commission has indicated that it will hold an additional conference on reliability compliance and enforcement in the future, and EI believes additional technical conferences on particular issues also should be convened in the future.

There was extensive discussion at the July 6 FERC technical conference on a separate idea--holding future "executive forums" on reliability which would bring together FERC, NERC and the industry together at an executive level. EI is very supportive of this idea, would be happy to have its CEOs participate, and looks forward to hearing further details from the Commission on how this forum will be structured and convened in the future.

NERC

As we all know, CEO engagement with the NERC Board of Trustees has diminished over time since NERC converted from a stakeholder board to an independent board. In order to revitalize CEO level dialogue with the NERC Board on important, high level issues, EI believes that the Board of Trustees should consider creating a CEO advisory committee, comprised of a cross section of industry CEOs, to meet with the NERC Board on a regular basis.

EI appreciates the fact that MRC Meeting Agenda Item 7c proposes to combine the FERC executive forum notion with the idea of increasing CEO engagement with NERC. As the purpose of holding these forums and meetings is to increase high level communication, a "one stop shopping" approach may be the way to go.

However, in accordance with Commission rules, FERC will determine how to structure and proceed with its executive forum. Taking this context into account, the Board of Trustees should in turn consider the best way to structure its Board committees to increase industry-wide, CEO engagement on high level reliability issues.

July 30, 2010

Future Meetings

Action Required

Approve November 2–3, 2011 (W–Th) in Atlanta, GA as a future meeting date and location.

Information

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

- February 16–17, 2011 — Phoenix, Arizona (W–Th)
- May 10–11, 2011 — Arlington, Virginia (Tu–W)
- August 3–4, 2011— Vancouver, Canada (W–Th)



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

October 19, 2010

Mr. Ed Tymofichuk, Chairman
NERC Member Representatives Committee
Vice President, Transmission
Manitoba Hydro
820 Taylor Avenue
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Winnipeg, Manitoba R3C 0J1

Dear Ed:

Policy Input to NERC Board of Trustees

The written input and discussion by the Member Representatives Committee (MRC) at your August 2010 meeting contributed greatly to the Board of Trustees as we considered several important policy matters. In an effort to build on this success, I welcome and encourage the MRC to provide advance written input on, and to actively discuss at your November 3, 2010 MRC meeting, the following subjects:

Critical Infrastructure Strategic Roadmap and Coordinated Action Plan (MRC 8b, BOT 16) — The Electricity Sub-Sector Coordinating Committee (ESCC) will be presenting two documents to the board for approval, on which the board welcomes MRC input.

Response to FERC Rehearing Order on the NERC Standards Process (MRC 9a, BOT 15) — the board will be weighing some critical policy choices on this matter, and input from the sector representatives of the MRC will be extremely helpful. Specifically, NERC will have to make decisions on:

1. Whether to seek judicial review of the order denying rehearing (a notice of appeal must be filed by November 15, 2010); and
2. What changes to the Rules of Procedure on standards development should NERC include in the compliance filing that it must make on December 13, 2010.

NERC will also need to develop, through its Reliability Standards Development Processes, a modified Reliability Standard dealing with the remaining FAC-008 directive that must be filed 90 days after a Commission order on NERC's December 13 compliance filing.

Proposal for Technology and Standards Oversight Committee (MRC 9b, BOT 20a) — the board had a good deal of discussion on this issue at its August 2010 meeting and expects to be presented with a recommendation from its Corporate Governance and Human Resources Committee for an expansion of the scope of the Technology Committee to incorporate a standards oversight function.

NERC's Three-Year Standards Development Plan (MRC 9c, BOT 11a) — Prioritizing NERC's standards development activities for the coming year is a critically important matter, and one on which the board greatly values the input of the MRC.

Issues for FERC Reliability Summit (MRC 11) — we are anticipating a high-level meeting between NERC representatives and FERC Commissioners and senior staff sometime in the January – February 2011 timeframe. Suggestions from the MRC will help us shape the agenda for this important meeting.

In addition to the above subjects, the board will be very interested in your views on the upcoming FERC technical conference on reliability monitoring, enforcement and compliance issues scheduled for November 18, 2010, which will be covered in the Board Compliance Committee meeting. Finally, the board is looking forward to your continued discussion of the issue, *Culture of Reliability Excellence*, and the panel presentation you have arranged to stimulate that discussion.

All in all, this is shaping up to be a very significant meeting for the Electric Reliability Organization (ERO). The contributions of the MRC in terms of the written input on policy matters provided in advance of the meetings along with your active discussion of them during your meetings, continue to grow in value to the board, demonstrating the important role the MRC and its sector representatives play in the ERO.

Written comments should be submitted to Dave Nevius, committee secretary (dave.nevius@nerc.net) by **October 27, 2010** so they can be packaged and sent to the board members in advance of the meeting.

Thank you,



John Q. Anderson
NERC Chairman
cc: Board of Trustees
Member Representatives Committee

W. Paul Bowers

Chief Operating Officer • Georgia Power

Paul Bowers serves as chief operating officer of Georgia Power, the largest subsidiary of Southern Company and one of the nation's largest producers of electricity. In this role, Bowers is responsible for the company's operations, customer service, financial, legal, external affairs and nuclear development functions. He also serves as an executive vice president



of Southern Company and a member of the Southern Company management council.

Prior to being named chief operating officer at Georgia Power, Bowers served as chief financial officer of Southern Company. In this role, Bowers oversaw the company's accounting, finance, tax, investor relations, treasury and risk management functions. He also served as chief risk officer.

Bowers joined the Southern Company system in 1979 at Gulf Power. In 1990, he was elected vice president for Georgia Power, rising to senior vice president in 1995 and joining the company's management council. In 1998, he was elected president and CEO of South Western Electricity plc, the former United Kingdom subsidiary of Southern Company. In September 1999, he led the company through a restructuring to become one of

England's most successful distribution-only utilities. In 2000, he directed the acquisition of the Welch Water and Electric Company, Hyder, which expanded the business to 2.4 million customers in southwest England and Wales. From 2001 to 2008, Bowers served as president of Southern Company Generation, where he oversaw the company's fossil and hydro

generation fleet. In addition, he was responsible for the company's fuel procurement, energy trading and fleet dispatch, system planning, engineering and construction services, and research and environmental affairs, plus the company's competitive generation subsidiary, Southern Power Company.

Bowers serves on the boards of the Nuclear Electric Insurance Limited, the University of Alabama School of Engineering and e3 Partners Ministry. He also is a member of the Federal Reserve Bank of Atlanta's energy policy council.

A Pensacola, Florida native, Bowers holds a bachelor's degree from the University of West Florida and a master's degree in management from Troy University. In 1993, Bowers completed the Advanced Management Program at Harvard Business School.

MRC Officer Elections

Action Required

Elect Officers for 2011

Background

Article VIII, Section 5 of the NERC Bylaws addresses election of the chairman and vice chairman of the Member Representatives Committee. It states:

Section 5 — Officers of the Member Representatives Committee — At the initial meeting of the Member Representatives Committee, and annually thereafter prior to the annual election of representatives to the Member Representatives Committee, the Member Representatives Committee shall select a chairman and vice chairman from among its voting members by majority vote of the members of the Member Representatives Committee to serve as chairman and vice chairman of the Member Representatives Committee during the upcoming year; provided, that the incumbent chairman and vice chairman shall not vote or otherwise participate in the selection of the incoming chairman and vice-chairman. The newly selected chairman and vice chairman shall not have been representatives of the same sector. Selection of the chairman and vice chairman shall not be subject to approval of the board. The chairman and vice chairman, upon assuming such positions, shall cease to act as representatives of the sectors that elected them as representatives to the Member Representatives Committee and shall thereafter be responsible for acting in the best interests of the members as a whole.

The nominating period for the two officer positions of the Member Representatives Committee for 2011 opened on September 1, 2010 for a 30-day nominating period that closed October 1, 2010. Note that the election of officers at this meeting and the currently open nominating period for sector members for 2011–2012 provides for filling sector vacancies resulting from a member being elected to an officer position. The nominating period for sector members continues through November 12, 2010.

The nominees for chairman and vice chairman for 2011 are:

Chairman – William J. Gallagher

Vice Chairman – Scott M. Helyer

Status of MRC Member Nominations

Action Required

None

Background

The nomination period for sector representatives to the MRC to fill terms that will expire February 2011 is September 13, 2010 to November 12, 2010, with elections scheduled to occur between December 13 and 22, 2010.

As of October 20, 2010, all sectors have nominated representatives to serve two-year terms expiring February 2013 except:

- Sector 7 – Electricity Marketers
- Sector 12 – State Government

Sector 6 – Electricity Generators will also need to nominate an additional representative to fill the remaining year of Scott Helyer's term, assuming he is elected MRC vice chairman.

Also, in accordance with Article VIII, Section 4 of the NERC Bylaws — “Adequate Representation of Canadian Interests on the Member Representatives Committee,” there is a need for one additional Canadian representative beyond the two sitting members and one nominee from Canada.

Culture of Reliability Excellence

Action Required

Panel presentation and discussion

Background

MRC Chair Ed Tymofichuk, in an effort to continue to engage the committee in discussion of the subject “Culture of Reliability Excellence,” has arranged for a panel presentation and discussion of this subject.

Panelists are:

- **Terry Huval**, MRC member and Director, Lafayette Utilities System (TDU Sector)
- **Greg Ford**, CEO of Georgia Systems Operations Corporation, representing MRC member Mike Smith (Cooperative Sector)
- **Paul Murphy**, MRC member and President and CEO, Independent Electric System Operator – Ontario (ISO/RTO Sector)
- **Billy Ball**, former Chair of the MRC and currently Executive Vice President and Chief Transmission Officer of the Southern Company (IOU Sector)

Each of the panel members will offer their perspectives on what their organization is doing to promote a “Culture of Reliability Excellence,” the successes they’ve had, the obstacles that they’ve encountered, and what NERC could do to help. Following their brief presentations, chairman Tymofichuk will open up the floor for questions and comments from other committee members.

Depending on the success of this panel discussion format, we may choose to continue its use at future meetings on this and other subjects, all focused on the vision of “being a learning organization.”

Critical Infrastructure Department Update

Action Required

None

Background

Mark Weatherford, vice president and chief security officer, NERC, will provide an update on efforts to address current issues facing the industry, and lay the foundation for more forward-looking initiatives.

Current Critical Infrastructure Department Issues

- Technical Feasibility Exception (TFE) Process
- Critical Infrastructure Strategic Roadmap
- CIP-002 v4
- Aurora
- Stuxnet
- Critical Infrastructure Department Refresh

2011 Critical Infrastructure Department Initiatives

- ES-ISAC Refresh
- Threat and Vulnerability Management Program
- National project for monitoring electric industry Internet IP space
- Emergency Notification System
- NERC-led national industry Cyber/Physical Security Exercise
- NERC Security Summit
- Industry cybersecurity training

Critical Infrastructure Strategic Roadmap and Coordinated Action Plan

Action Required

Discuss and provide policy input to the board.

Background

Strategic Roadmap

The Electricity Sub-Sector Coordinating Council's (ESCC) draft *Critical Infrastructure Strategic Roadmap* provides the framework to identify those severe-impact risks that have the potential to seriously disrupt the supply of electricity to customers, and promotes the actions necessary to enhance reliability and resilience.

The *Strategic Roadmap* was discussed at the August 4–5, 2010 meetings of the Member Representatives Committee and NERC's Board of Trustees. Following these discussions, the ESCC revised the *Strategic Roadmap* to clarify and strengthen a number of areas. In particular;

- A new section has been added, "Building on Existing Capabilities"
- A new "Appendix – Strategic Initiatives Plan" prioritizes sixteen (16) specific initiatives and target dates
- A new "Appendix – Bibliography" provides contextual links to industry and government documents

At its August 30, 2010 meeting, the ESCC accepted these enhancements and suggested NERC post the *Strategic Roadmap* to seek broader public input. The document was posted on September 2, 2010 for a 30-day comment period.

As a result, NERC received 12 sets of a total of 94 individual comments, all of which were of a clarifying or editorial nature, and the *Strategic Roadmap* has been revised to reflect many of these comments. The ESCC will review this revised version at its October 20, 2010 meeting.

Implementation of the initiatives proposed by the Roadmap will be accomplished through the leadership of NERC and its technical committees, in particular, the Planning Committee, Operating Committee, and Critical Infrastructure Protection Committee. The implementation plan is described in the *Critical Infrastructure Strategic Initiatives Coordinated Action Plan*.

Critical Infrastructure Strategic Initiatives Coordinated Action Plan

On May 17, 2010, NERC's Board of Trustees approved the report, entitled *High Impact, Low Frequency Event Risk to the North American Bulk Power System*.¹ Subsequently:

- Board Chair, John Q. Anderson, requested that the technical committees develop a plan addressing the **Proposals for Action** identified in the report.
- The Electricity Sub-sector Coordinating Council (ESCC) developed a high-level strategic plan requiring technical committee support, entitled "*Critical Infrastructure Strategic Roadmap*."²

¹ HILF report http://www.nerc.com/docs/hilf/HILF_Event_Risk_to_BPS.pdf

² See Agenda Item 2 of www.nerc.com

In response to the release of the HILF Report and to address these additional considerations, the Planning, Operating, and Critical Infrastructure Protection Committees met with NERC staff and jointly drafted a plan. In parallel, the re-formation of the Electricity Sub-Sector Coordinating Council was approved and implemented, with an initial strategic plan that identified three key priorities for focused attention: 1) coordinated physical attack, 2) coordinated cyber attack, and 3) Geo-Magnetic Disturbance incident. These priorities were reflected in the preliminary action plan, and on September 14–16, 2010 the Planning, Operating, and Critical Infrastructure Protection Committees approved the direction and supported the technical committee leadership's completion of the draft plan, entitled, *Critical Infrastructure Strategic Initiatives Coordinated Action Plan*.

To provide oversight, guidance, and coordination of activities supporting the action plan, the technical committees and their leadership have formed a Joint Technical Steering Group comprising leadership from the three technical committees. Consistent with the ESCC's *Critical Infrastructure Strategic Roadmap* and the Action Plan priorities, the PC, with the support and endorsement of the OC, approved the formation of two task forces:

- The Geomagnetic Disturbance Task Force (GMDTF), to investigate the risk to bulk power system reliability in North America from severe-impact GMD events, develop industry approaches to mitigate this risk, make recommendations on industry practices, and provide input to the NERC Standards process.
- The Spare Equipment Task Force (SETF), to make recommendations to uniformly collect information on long-lead time electric transmission system critical spare equipment, a means for obtaining and communicating this information to industry, and enhancements to NERC's Spare Equipment Database.

Enhanced Critical Infrastructure Protection (ECIP) Program Sponsored by Department of Homeland Security (DHS)

Action Required

None

Background

The U.S. Department of Homeland Security (DHS) Enhanced Critical Infrastructure Protection (ECIP) Program uses a methodology for assessing infrastructure risk and resilience to a variety of natural and man-made hazards, including statistical and data-mining procedures to analyze and display the data collected in easy-to-use “dashboards.” The ECIP Program is provided at no cost to organizations with critical infrastructures.

The ECIP program relies on information collected by 93 DHS Protective Security Advisors (PSAs) located throughout the United States and entered into a web-based data collection template that includes more than 1,500 variables covering six major security-related components (e.g., physical security and security management) and 42 subcomponents (e.g., access control). Data collected as part of the ECIP Program undergo extensive quality assurance and quality control processes.

DHS has conducted ECIP assessments for a number of U.S. electric utility organizations and will be providing a brief overview of the program along with representatives from Entergy who have previously participated in an ECIP assessment.

Excerpt from DHS Private Sector Resources Catalog:

“Enhanced Critical Infrastructure Protection (ECIP) Visits are conducted by Protective Security Advisors (PSAs) in collaboration with Critical Infrastructure and Key Resources (CIKR) owners and operators to assess overall facility security and increase security awareness. ECIP Visits are augmented by the Infrastructure Survey Tool (IST), a web-based tool that provides the ability to collect, process, and analyze ECIP survey data in near real time. Data collected during an ECIP visit is consolidated in the IST and then weighted and valued, which enables the development of ECIP metrics; conduct sector-by-sector and cross-sector vulnerability comparisons; identify security gaps and trends across CIKR sectors and sub-sectors; and establish sector baseline security survey scores. Private sector owners and operators interested in receiving an ECIP Visit should contact the PSA Field Operations Staff PSAFieldOperationsStaff@hq.dhs.gov (703) 235-5724.”

Order Denying Rehearing of March 18 Order Directing Changes in NERC's Standards Development Procedure

Action Required

Discuss and provide input to the board.

Summary

On September 16, 2010, FERC issued an order denying rehearing, denying clarification, denying reconsideration, and denying a request for stay of FERC's March 18, 2010 order directing revisions to the NERC Rules of Procedure pertaining to the development of Reliability Standards ("September 16 Order"). NERC and stakeholders will have decisions to make in the following areas:

1. Whether to seek judicial review of the order denying rehearing (a notice of appeal must be filed by November 15, 2010);
2. What changes to the Rules of Procedure on standards development NERC should include in the compliance filing that it must make on December 13, 2010; and
3. What should be included in a modified Reliability Standard dealing with the remaining FAC-008 directive that must be filed 90 days after a FERC order on NERC's December 13 compliance filing? (Note: this item will not be ready for NERC Board of Trustees action until the FAC-008 standard is modified through the Reliability Standards development process.)

Background

On March 18, FERC issued an order directing NERC to file proposed modifications to the NERC Rules of Procedure to address what FERC stated is a conflict between NERC's Reliability Standards Development Procedure and NERC's obligation to comply with FERC directives pursuant to Section 215(d)(5) of the Federal Power Act (FPA). FERC stated that the basis of the directive is a "growing concern that the current voting process in the ERO Rules of Procedure can be used to prevent compliance with FERC directives to address particular reliability matters."

In the March 18 Order, FERC pointed to the circumstances surrounding the FERC-directed modifications to FAC-008-1 as a basis for its concern that the current Reliability Standards Development Procedure allows a drafting team to circumvent compliance with a FERC directive. In Order No. 693, FERC had directed three changes to FAC-008. The standard drafting team prepared a revised standard to address all of the directives, but the revised standard received only 57 percent affirmative vote. Negative voters indicated that the presence of the response to one of the directives — to identify the second-most limiting element and the resulting increase in capacity if the first-limiting element is removed — was a principal reason for their negative vote.

To deal with FERC's process concerns, FERC directed NERC to file revisions to its standards development procedures that would prevent a negative vote of the ballot pool or the actions of the drafting team from preventing NERC from filing a proposed reliability standard that addresses a Commission directive. FERC also stated that any such revisions must be consistent with the requirements of FPA section 215 that NERC's standards development process provide for reasonable notice and opportunity for comment, due process, openness, and balance of interests in developing Reliability Standards. FERC also directed NERC to file a revised FAC-008 standard responding to the directive within 90 days of issuance of a future order on NERC's proposed revisions to the Rules of Procedure pertaining to the Reliability Standards development process.

On April 19, 2010, NERC requested clarification, rehearing, and a stay of the FERC's March 18 order on the basis that the order conflicts with multiple provisions of Section 215 of the FPA. Additionally, NERC requested reconsideration of the directive to comply with FERC's directed modification to FAC-008 on the basis that this directive serves commercial rather than reliability goals. NERC also requested a stay of the directive and requested FERC to convene a public conference to discuss general issues related to how FERC intends to prospectively implement Section 215 and technical issues specific to Reliability Standard FAC-008-1.

In the September 16 Order denying all of NERC's requests, FERC determined that its directives do not conflict with Section 215(d)(5) of the FPA. FERC stated that it ordered NERC to develop and propose for FERC review an affirmative mechanism designed to prevent the Reliability Standards Development Process from negating a FERC directive to submit a new or modified Standard. FERC further stated that when a directive offers a specific approach, NERC has the flexibility to develop an equally efficient and effective alternative. FERC restated its position that the ERO has discretion in how it responds to a FERC directive to submit a new or modified Reliability Standard, but the discretion exists in *how* NERC chooses to respond, not in *whether* NERC will affirmatively respond. That is, NERC does *not* have the discretion to disregard a final FERC directive because the FPA provides that FERC may direct the ERO to submit a new or modified Reliability Standard that addresses a specific matter if FERC considers such a new or modified Reliability Standard appropriate to carry out Section 215 of the FPA. FERC noted, however, that "when the Commission issues a specific directive pursuant to Section 215(d)(5), it should be supported by a clear technical rationale that explains how the directive is related to Bulk Power System reliability."

FERC also denied NERC's request for reconsideration of the directive to modify the FAC-008 standard as having no reliability purpose. FERC stated in the September 16 Order that the FAC-008 directive serves a reliability goal, and that simply because a directive has a market-improving component does not preclude it from also having a reliability component. FERC went on to offer additional guidance regarding its directive on FAC-008 to demonstrate that the directive does, in fact, serve a reliability goal.

Issues for Consideration and Next Steps

1. Judicial Review

Because the September 16 Order is a final order, any appeal would be required to be filed with the United States Court of Appeals within sixty (60) days after FERC's final order, or by November 15, 2010. NERC will be interested in hearing from stakeholders whether they believe seeking judicial review would be appropriate in these circumstances, whether stakeholders themselves are considering seeking judicial review, and what issues should be raised.

2. December 13 Compliance Filing

Regardless of whether NERC files a notice of appeal of the September 16 Order, NERC must make a compliance filing responding to FERC's March 18 directive to modify the standards process no later than December 13, 2010.

In preparation for the discussion of the December 13, 2010 compliance filing, NERC has developed two alternative approaches.

Alternative A

The first approach, designated Alternative A (attached), involves a proposed new Rule 321 of the Rules of Procedure. Alternative A was posted for comment in May 2010 and approved by the NERC Board of Trustees on June 11, 2010. NERC withheld filing proposed Rule 321 at the request of senior Commission staff in conjunction with the extension of the compliance deadline and the anticipated discussions to be held at the July 6 technical conference. Alternative A has these features:

- The proposed rule states it is the Standards Committee's responsibility to ensure that regulatory directives are addressed in the standards developed or modified through the standards development procedure.
- The proposed rule gives the NERC Board of Trustees the authority to remand a standard back to the industry via the Standards Committee, with instructions, if a proposed standard fails to address a regulatory directive.
- Section 2 of the rule states that if a ballot pool fails to approve a proposed reliability standard that contains a provision addressing a regulatory directive, the board may direct the Standards Committee to prepare a memorandum describing the issues surrounding the regulatory directive and conduct one additional re-ballot, with that re-ballot to be completed within 45 days. In any such re-ballot, negative votes without comment would be considered for purposes of establishing a quorum, but only affirmative votes and negative votes with comments would be counted in determining the approval percentage for the ballot.
- Section 3 states that if the re-balloted standard achieves a two-thirds affirmative vote, then the standard shall be deemed approved by the registered ballot pool and shall be submitted to the board for approval.

- Section 4 states that if the standard fails to achieve a two-thirds affirmative vote, but does achieve at least a 60 percent affirmative vote, and then the board may proceed to consider the standard for approval.
- Section 5 states that if the re-balloted standard fails to achieve at least a 60 percent affirmative vote, then NERC shall file a report of the entire circumstances with the ERO regulatory authority issuing the directive.
- Section 6 provides that NERC will file an annual report with all ERO governmental authorities giving the status of all regulatory directives.

Alternative B

Alternative B (attached) would involve a new, but different, Rule 321. Under Alternative B, if the Board of Trustees finds that a ballot pool has failed to approve a standard that addresses a specific regulatory directive, then the board itself could direct that a draft standard addressing the directive be prepared. The board would solicit comment on the draft standard. Thereafter, the board itself would decide whether or not to approve the standard and submit it to ERO governmental authorities. Alternative B would have the following features:

- Like Alternative A, Alternative B would state it is the Standards Committee's responsibility to ensure that regulatory directives are addressed in the standards developed or modified through the standards development procedure. The proposed rule would also give the NERC Board of Trustees the authority to remand a standard back to the industry via the Standards Committee, with instructions, if a standard fails to address a regulatory directive.
- Under Alternative B, upon a written determination by the NERC Board that a ballot pool has failed to approve a standard that addresses a specific regulatory directive, the board would direct the Standards Committee (in the first instance) or NERC management (in the alternative) to develop a proposed standard that does address the regulatory directive, taking account of the entire developmental record.
 - The draft reliability standard would thereafter be posted for a 45-day public comment period.
 - If, after considering the entire developmental record, the Board of Trustees finds that the draft reliability standard, with such modifications as the Board of Trustees determines are appropriate in light of the comments received, is just, reasonable, in the public interest, practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system, then the Board of Trustees could approve the draft standard and direct that the draft standard be filed with ERO governmental authorities with a request that the draft standard be made effective.
 - If, after considering the entire developmental record, the Board of Trustees is unable to find that the draft reliability standard, even with modifications, is just, reasonable, in the public interest, practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system, then the Board of Trustees could approve the draft standard as a compliance filing in response to the regulatory directive and direct that the standard be filed with the

ERO governmental authority issuing the regulatory directive with a recommendation that the draft standard not be made effective.

- The filing of the draft reliability standard under either paragraph would include an explanation of the basis for the decision by the Board of Trustees. Section 3 would provide that NERC will file an annual report with all ERO governmental authorities giving the status of all regulatory directives.

Alternative B of Rule 321 is currently posted for public comment for a 45-day comment period, ending on December 2, 2010. NERC is interested in comments from stakeholders on both Alternative A and Alternative B. The NERC Board of Trustees will need to make a decision prior to December 13, 2010 on whether to file Alternative A or Alternative B (or some variant of either) as the compliance filing is due on that date. FERC has stated it will post NERC's proposed modifications for public comment and thereafter issue an order.

One variant on this approach would be for the NERC board to make a decision to file the draft standard with ERO governmental authorities accompanied by a recommendation for what the governmental authorities should do with the draft standard, but not have the board vote to approve the standard itself. That variant is described as Option 2 in the posting.

3. Revised Reliability Standard for Directive Regarding FAC-008

As noted above, NERC must submit a modified Reliability Standard to address the remaining FAC-008 directive no later than 90 days after FERC issues an order on the modifications to the standards development process that NERC must file on December 13, 2010. Filing a notice of appeal does not change that obligation. NERC notes that FERC provided additional guidance in the September 16 Order on the basis for the remaining FAC-008 directive. NERC will work with the Standards Committee and the FAC-008 Standard Drafting Team to consider how a modified reliability standard that is responsive to the FAC-008 directive might be fashioned.

ALTERNATIVE A

A. **Revise Rule 309 in the following manner (new language is underscored):**

309. Filing of Reliability Standards for Approval by ERO Governmental Authorities

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the applicable ERO governmental authorities each reliability standard, modification to a reliability standard, or withdrawal of a standard that is approved by the board. Each filing shall be in the format required by the ERO governmental authority and shall include: a concise statement of the basis and purpose of the standard; the text of the standard; the implementation plan for the reliability standard; a demonstration that the standard meets the essential attributes of reliability standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the reliability standard and the consideration of those comments.
2. **Remanded Reliability Standards and Directives to Develop Standards** — If an ERO governmental authority remands a reliability standard to NERC or directs NERC to develop a reliability standard, NERC shall within five (5) business days notify all other applicable ERO governmental authorities, and shall within thirty (30) calendar days report to all ERO governmental authorities a plan and timetable for modification or development of the reliability standard. Standards that are remanded or directed by an ERO governmental authority shall be modified or developed using the *Reliability Standards Development Procedure*. NERC shall, during the development of a modification for the remanded standard or directed standard, consult with other ERO governmental authorities to coordinate any impacts of the proposed standards in those other jurisdictions. The urgent approval action procedure may be applied if necessary to meet a timetable for action required by the ERO governmental authorities, respecting to the extent possible the provisions in the standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing reliability standards. If the standards process does not result in a standard that addresses a specific matter that is identified in a directive issued by an applicable ERO governmental authority, then Rule 321 of these Rules of Procedure shall apply.
3. **Directives to Develop Standards under Extraordinary Circumstances** — An ERO governmental authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a reliability standard. In such a case, the applicable agency may direct the development of a standard within a certain deadline. NERC staff shall prepare the standards authorization request and seek a stakeholder sponsor for the request. If NERC is unable to find a sponsor for the proposed standard, NERC will be designated as the requestor. The proposed standard will then proceed through the standards development process, using the urgent and emergency action procedures

described in the *Reliability Standards Development Procedure* as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing reliability standards. If the standards process does not result in a standard that addresses a specific matter that is identified in a directive issued by an applicable ERO governmental authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

- 3.1 Consistent with all reliability standards developed under the urgent or emergency action process, each of the three possible follow-up actions as documented in the *Reliability Standards Development Procedure* are to be completed through the standards development process and are subject to approval by the ERO governmental authorities in the U.S. and Canada.

B. Add a new rule to Section 300 of the Rules of Procedure, as follows (new language is underscored):

321. Special Rule to Address Certain Regulatory Directives

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by applicable ERO governmental authorities, including equivalent alternatives. If the Board of Trustees is presented with a proposed standard that fails to address such directives, the Board of Trustees may remand, with instructions, the proposed reliability standard to the Standards Committee.
2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed reliability standard that contains a provision to address a specific matter identified in a directive issued by an ERO governmental authority, the Board of Trustees shall remand the proposed reliability standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed standard is just, reasonable, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed reliability standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.

- 2.1 Such a re-ballot shall be completed within forty-five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.
- 2.2 In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes, and negative votes with comments related to the proposal, shall be counted for purposes of determining the number of votes cast and whether the proposed standard has been approved.
3. If the re-balloted proposed reliability standard achieves at least an affirmative two-thirds majority vote of the weighted segment votes cast, with a quorum established, then the proposed reliability standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.
4. If the re-balloted proposed reliability standard fails to achieve at least an affirmative two-thirds majority vote of the weighted segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted segment votes cast, with a quorum established, then the Board of Trustees may consider the proposed reliability standard for approval under the following procedures:
 - 4.1 The Board of Trustees shall issue notice of its intent to consider the proposed reliability standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed reliability standard that address the specific matter identified in the regulatory directive, including whether or not the proposed standard is just, reasonable, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.
 - 4.2 The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.
 - 4.3 After considering the developmental record, the comments received during balloting and the additional input received under subsections 4.1 and 4.2 of this rule, the Board of Trustees may act on the proposed reliability standard.
 - 4.3.1 If the Board of Trustees concludes that the proposed reliability standard should be adopted, then it shall approve the proposed reliability standard and direct that it be filed with applicable ERO governmental authorities with a request that it be made effective.

- 4.3.2 If the Board of Trustees concludes that the proposed reliability standard should not be adopted, then it shall direct that the proposed reliability standard and complete developmental record, including the additional input received under subsections 4.1 and 4.2 of this rule, be filed with the applicable ERO governmental authorities in response to the order giving rise to the regulatory directive, along with a recommendation that the standard not be made effective and an explanation of the basis for the recommendation.
5. If the re-balloted proposed reliability standard that contains a provision to address a specific matter identified in a directive issued by an ERO governmental authority fails to achieve at least a sixty percent affirmative majority of the weighted segment votes cast, or the re-ballot fails to achieve a quorum, then NERC shall, within thirty days of the failed re-ballot, file a report with the applicable ERO governmental authority regarding the circumstances of the matter and, if applicable, request appropriate relief.
6. NERC shall on March 31st of each year file a report with applicable ERO governmental authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an applicable ERO governmental authority.

ALTERNATIVE B

PROPOSED ALTERNATIVE B IN RESPONSE TO MARCH 18 ORDER ON STANDARDS, WITH OPTIONS

DISCUSSION DRAFT October 13, 2010

CHANGES FROM ALTERNATIVE A ARE MARKED IN **RED UNDERSCORING AND ~~STRIKE-OUT~~**

A. Revise Rule 309 in the following manner (new language is underscored):

309. Filing of Reliability Standards for Approval by ERO Governmental Authorities

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the applicable ERO governmental authorities each reliability standard, modification to a reliability standard, or withdrawal of a standard that is approved by the board. Each filing shall be in the format required by the ERO governmental authority and shall include: a concise statement of the basis and purpose of the standard; the text of the standard; the implementation plan for the reliability standard; a demonstration that the standard meets the essential attributes of reliability standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the reliability standard and the consideration of those comments.
2. **Remanded Reliability Standards and Directives to Develop Standards** — If an ERO governmental authority remands a reliability standard to NERC or directs NERC to develop a reliability standard, NERC shall within five (5) business days notify all other applicable ERO governmental authorities, and shall within thirty (30) calendar days report to all ERO governmental authorities a plan and timetable for modification or development of the reliability standard. Standards that are remanded or directed by an ERO governmental authority shall be modified or developed using the *Reliability Standards Development Procedure*. NERC shall, during the development of a modification for the remanded standard or directed standard, consult with other ERO governmental authorities to coordinate any impacts of the proposed standards in those other jurisdictions. The urgent approval action procedure may be applied if necessary to meet a timetable for action required by the ERO governmental authorities, respecting to the extent possible the provisions in the standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing reliability standards. If the Board of Trustees determines that the standards process ~~does did~~ not result in a standard that addresses a specific matter that is identified in a directive issued by an applicable ERO governmental authority, then Rule 321 of these Rules of Procedure shall apply.

3. **Directives to Develop Standards under Extraordinary Circumstances** — An ERO governmental authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a reliability standard. In such a case, the applicable agency may direct the development of a standard within a certain deadline. NERC staff shall prepare the standards authorization request and seek a stakeholder sponsor for the request. If NERC is unable to find a sponsor for the proposed standard, NERC will be designated as the requestor. The proposed standard will then proceed through the standards development process, using the urgent and emergency action procedures described in the *Reliability Standards Development Procedure* as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing reliability standards. If the Board of Trustees determines that the standards process ~~does did~~ not result in a standard that addresses a specific matter that is identified in a directive issued by an applicable ERO governmental authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

- 3.1 Consistent with all reliability standards developed under the urgent or emergency action process, each of the three possible follow-up actions as documented in the *Reliability Standards Development Procedure* are to be completed through the standards development process and are subject to approval by the ERO governmental authorities in the U.S. and Canada.

B. Add a new rule to Section 300 of the Rules of Procedure, as follows (new language is underscored):

321. Special Rule to Address Certain Regulatory Directives

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by applicable ERO governmental authorities, including equivalent alternatives. If the Board of Trustees is presented with a proposed standard that fails to address such directives, the Board of Trustees may remand, with instructions, the proposed reliability standard to the Standards Committee.

[OPTION 1 FOR SECTION 2; ALSO SEE OPTION 2, BEGINNING ON PAGE 3.]

2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed reliability standard that contains a provision to address a specific matter identified in a directive issued by an ERO governmental authority, the Board of Trustees shall **direct the Standards Committee (in the first instance) or NERC management (in the alternative) to prepare a draft reliability standard**

~~that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. remand the proposed reliability standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed standard is just, reasonable, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed reliability standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.~~

- 2.1 The draft reliability standard shall thereafter be posted for a 45-day public comment period.
- 2.2 If, after considering the entire developmental record (including the comments received under paragraph 2.1 of this Rule), the Board of Trustees finds that the draft reliability standard, with such modifications as the Board of Trustees determines are appropriate in light of the comments received, is just, reasonable, in the public interest, practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system, then the Board of Trustees shall approve the draft standard and direct that the draft standard be filed with ERO governmental authorities with a request that the draft standard be made effective.
- 2.3 If, after considering the entire developmental record (including the comments received under paragraph 2.1 of this Rule), the Board of Trustees is unable to find that the draft reliability standard, even with modifications, is just, reasonable, in the public interest, practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system, then the Board of Trustees shall approve the draft standard as a compliance filing in response to the regulatory directive and direct that the standard be filed with the ERO governmental authority issuing the regulatory directive with a recommendation that the draft standard not be made effective.
- 2.4 The filing of the draft reliability standard under either paragraph 2.2 or paragraph 2.3 of this Rule shall include an explanation of the basis for the decision by the Board of Trustees.

3. NERC shall on March 31st of each year file a report with applicable ERO governmental authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an applicable ERO governmental authority.

[OPTION 2 FOR SECTION 2; THIS SECTION WOULD REPLACE SECTION 2, ABOVE]

2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed reliability standard that contains a provision to address a specific matter identified in a directive issued by an ERO governmental authority, the Board of Trustees shall ~~direct the Standards Committee (in the first instance) or NERC management (in the alternative) to prepare a draft reliability standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. remand the proposed reliability standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed standard is just, reasonable, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed reliability standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.~~

2.1 The draft reliability standard shall thereafter be posted for a 45-day public comment period.

2.2 After considering the entire developmental record (including the comments received under paragraph 2.1 of this Rule), the Board of Trustees may direct that the draft standard be filed with ERO governmental authorities with a recommendation that the draft standard be made effective.

2.3 After considering the entire developmental record (including the comments received under paragraph 2.1 of this Rule), the Board of Trustees may direct that the standard be filed with the ERO governmental authority issuing the regulatory directive with a recommendation that the draft standard not be made effective.

- 2.4 The filing of the draft reliability standard under either paragraph 2.2 or paragraph 2.3 of this Rule shall include a discussion of the basis for the recommendation of the Board of Trustees, including whether the draft reliability standard is just, reasonable, in the public interest, practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system.
- ~~2.5 — Such a re-ballot shall be completed within forty five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.~~
- ~~2.6 — In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes, and negative votes with comments related to the proposal, shall be counted for purposes of determining the number of votes cast and whether the proposed standard has been approved.~~
- ~~3. — If the re-balloted proposed reliability standard achieves at least an affirmative two-thirds majority vote of the weighted segment votes cast, with a quorum established, then the proposed reliability standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.~~
- ~~4. — If the re-balloted proposed reliability standard fails to achieve at least an affirmative two-thirds majority vote of the weighted segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted segment votes cast, with a quorum established, then the Board of Trustees may consider the proposed reliability standard for approval under the following procedures:~~
- ~~4.1 — The Board of Trustees shall issue notice of its intent to consider the proposed reliability standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed reliability standard that address the specific matter identified in the regulatory directive, including whether or not the proposed standard is just, reasonable, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.~~
- ~~4.2 — The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.~~
- ~~4.3 — After considering the developmental record, the comments received during balloting and the additional input received under subsections 4.1~~

~~and 4.2 of this rule, the Board of Trustees may act on the proposed reliability standard.~~

~~4.3.1—If the Board of Trustees concludes that the proposed reliability standard should be adopted, then it shall approve the proposed reliability standard and direct that it be filed with applicable ERO governmental authorities with a request that it be made effective.~~

~~4.3.2—If the Board of Trustees concludes that the proposed reliability standard should not be adopted, then it shall direct that the proposed reliability standard and complete developmental record, including the additional input received under subsections 4.1 and 4.2 of this rule, be filed with the applicable ERO governmental authorities in response to the order giving rise to the regulatory directive, along with a recommendation that the standard not be made effective and an explanation of the basis for the recommendation.~~

~~5. —If the re-balloted proposed reliability standard that contains a provision to address a specific matter identified in a directive issued by an ERO governmental authority fails to achieve at least a sixty percent affirmative majority of the weighted segment votes cast, or the re-ballot fails to achieve a quorum, then NERC shall, within thirty days of the failed re-ballot, file a report with the applicable ERO governmental authority regarding the circumstances of the matter and, if applicable, request appropriate relief.~~

~~6. NERC shall on March 31st of each year file a report with applicable ERO governmental authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an applicable ERO governmental authority.~~

Proposal for Technology and Standards Oversight Committee

Action Required

Discuss and provide policy input to the board.

Background

In furtherance of the NERC Board of Trustees and Member Representatives Committee discussions during the August meetings in Toronto, the Corporate Governance and Human Resources Committee will consider amendments to the mandate of the Technology Committee to provide the Board of Trustees with an enhanced oversight role for the standards development process.

The amendments also delete the reference to compensation in light of the board's recent decision on compensation.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Board of Trustees Technology and Standards Oversight Committee Mandate

Approved by Board of Trustees: ~~November 5, 2009~~DRAFT 9/30/10

1. The Technology and Standards Oversight Committee (TSOC) shall be composed of not less than three and not more than six Trustees.
2. The members of the TSOC shall be appointed or reappointed by the Board at the regular Meeting of the Board immediately following each Annual Meeting of the Member Representatives Committee. Each member of the TSOC shall continue to be a member thereof until his/her successor is appointed, unless he/she shall resign or be removed or shall cease to be a Trustee of the Corporation. Where a vacancy occurs at any time in the membership of the TSOC, it may be filled by the Board of Trustees.
3. The Board of Trustees or, in the event of their failure to do so, the members of the TSOC, shall appoint a Chair from among their members. The TSOC shall also appoint a Secretary who need not be a Trustee.
4. The place of meeting of the TSOC and the procedures at such meeting shall be the same as for regular Board meetings of the Corporation, or as determined by the members of the TSOC, provided that:
 - (a) A quorum for meetings shall be a majority of the number of members of the TSOC.
 - (b) The TSOC shall meet as required and at least twice a year.
5. ~~The compensation of the members of the TC and Chair shall be the same as established by the Board for its other committees.~~
6. The objectives of the TSOC are as follows:
 - (a) To provide the board with a thorough evaluation of and recommendations for action on proposed NERC projects that employ new technology. Such projects could include, but not be limited to: real-time system monitoring and visualization tools, reliability performance analysis tools, information and data exchange networks, reliability performance data bases, etc.
 - (b) To provide the board and the NERC Standards Committee with a thorough evaluation of and recommendations for action regarding the strategic direction of NERC's standards development program.

(bc) To provide advice and recommendations to the board on any technical or standards issue referred to it by the board.

7. To achieve its objectives, the TSOC shall:

(a) Review all projects that employ new technology that may be proposed from time to time by the Corporation's staff or one of the Corporation's committees;

(b) Thoroughly evaluate all such proposals from both technical and financial standpoints;

(c) Make recommendations, as appropriate, to the board, including recommendations to include such projects in the NERC business plan and budget;

(d) Respond to the board's requests for advice and recommendations on any technical issues referred to it by the board-;

(e) Review with management the corporation's computer systems, including procedures to keep the systems secure and contingency plans developed to deal with possible computer failures-;

(f) Provide oversight of NERC's implementation of the North American SynchroPhasor Project;

(g) Identify strategic priorities for reliability standards development and provide feedback to NERC Standards Committee and board on annual work plan;

(h) Monitor overall results, including quality and timeliness of standards development work, and make recommendations to NERC Standards Committee and board regarding needed improvements;

(i) Assess emerging reliability risks affecting standards and make recommendations as appropriate;

(j) Monitor progress in addressing regulatory mandates and directives related to standards;

(k) Serve as the Level 2 Appeals Panel as set forth in the NERC Standards Process Manual, Appendix 3A to the NERC Rules of Procedure;

(l) Periodically review NERC's status with the American National Standards Institute;

(m) Respond to the board's requests for advice and recommendations on any technical issues referred to it by the board;

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- (g) Review this mandate on an annual basis and recommend to the board Corporate Governance and Human Resources Committee any changes to it that the TSOC considers advisable;
- (h) Complete a self-assessment annually to determine how effectively the TSOC is meeting its responsibilities; and
- (i) Perform such other functions as may be delegated from time to time by the board.

NERC Three-Year Reliability Standards Development Plan

Action Required

Discuss and provide policy input to the board.

Background

NERC developed an initial version of the plan for standards development, *Reliability Standards Development Plan: 2007–2009*, in 2006 and has since revised the plan annually. The plan serves as the management tool that guides, prioritizes, and coordinates revision or retirement of existing reliability standards and the development of new reliability standards for the immediate 3-year time horizon. The plan also serves as a communications tool for coordinating standards development work with applicable governmental agencies in the United States and Canada, and for engaging stakeholders in standards development. The plan further provides a basis for developing annual work plans and budgets for the standards program. The *Reliability Standards Development Plan: 2011–2013* is the fifth installment of the plan and achieves these objectives.

As part of the process employed in 2010 for revising the *Reliability Standards Development Plan*, NERC staff sought input from the other program areas within NERC, as well as from NERC's technical committees and industry groups, and from those governmental authorities with responsibility for approving reliability standards in the United States and Canada on the need for, and prioritization of, new or revised reliability standards.

In addition, on July 6, 2010 FERC held a Commissioner-led Technical Conference to address industry perspectives on issues pertaining to the development and enforcement of mandatory Reliability Standards for the Bulk-Power System. The conference focused on the Electric Reliability Organization's (ERO) standards development process; communication and interactions between the Commission, the ERO and Regional Entities; and ERO and Regional Entity monitoring and enforcement. The need to establish priorities for NERC's standards development projects was a recurring theme during the technical conference. This *Reliability Standards Development Plan: 2011–2013* advances a concept for prioritization of standards development projects with the expectation that NERC staff will continue to coordinate with the NERC Standards Committee, applicable regulatory authorities, and industry participants in further advancing the prioritization process.

The revised *Reliability Standards Development Plan: 2011–2013* identifies a total of 36 continent-wide standards development projects. While the number of projects proposed in this plan is one less than the 37 projects listed in the 2010–2012 version of the plan, the composition of these projects has changed significantly since approval of the 2010–2012 plan:

- The following projects not identified in the 2010–2012 plan were initiated and completed since last year's plan was approved:
 - Project 2009-08 Nuclear Plant Interface Coordination
 - Project 2010-09 NUC Implementation Plans for CIP Version 2 and Version 3 Standards
- The following projects identified in the 2010–2012 plan were:
 - Project 2006-04 Backup Facilities

- Project 2009-06 Facility Ratings
- Project 2009-18 Withdraw Three Midwest ISO Waivers
- Project 2010-06 Results-based Reliability Standards identified in the 2010–2012 plan was transitioned into an initiative and responsibility transferred to the Standards Committee to use as appropriate in the 2011–2013 plan.
- Project 2007-05 Balancing Authority Controls and Project 2007-18 Reliability-based Control were merged into Project 2010-14 Balancing Authority Reliability-based Control, which is an addition to this plan.
- The following five projects initiated in 2010 were not anticipated when the 2010–2012 plan was drafted and are additions to the 2011–2013 plan:
 - 2010-08 Functional Model Glossary Revisions
 - 2010-10 FAC Order 729
 - 2010-11 TPL Table 1 Order
 - 2010-12 Order 693 Directives
 - 2010-13 Relay Loadability Order

The *Reliability Standards Development Plan: 2011–2013* also embraces and was drafted consistent with the plan for transitioning the set of NERC standards to results-based as proposed by the Ad Hoc Group for the Results-based Reliability Standards Initiative.

Changes to Reliability Standards Development Procedure Approved by FERC and NERC Transition Plan

Action Required

None

Background

The new Standard Processes Manual (SPM) institutes numerous changes designed to improve the quality and timeliness of NERC standards development. Eight significant process improvements in the new SPM relative to the Reliability Standards Development Procedure – Version 7 (RSDP-V7) are:

1. The Standards Committee provided with greater control over project prioritization, which should help ensure that NERC and industry resources are focused on projects leading to the greatest improvements in reliability.
2. Most SARs will be posted without the need for a formal comment period reducing the burden of developing comments and responding to comments when it is clear that the project proposed with the SAR will move forward.
3. Drafting teams now have the support of a technical writer to assist in developing requirements that are clear and unambiguous.
4. Drafting teams may collect informal feedback on preliminary drafts of standards and supporting documents through a variety of means. The RSDP-V7 limited drafting teams to only using feedback provided during formal comment periods.
5. Each standard is subjected to a quality review before it is posted for a formal comment period. The quality review ensures that each standard posted for formal industry comment is clear, contains all required elements, and meets the attributes necessary for approval by regulatory authorities.
6. All draft standards and interpretations are subject to at least one concurrent commenting and balloting period. This approach is intended to involve more stakeholders in the final wording of standards and interpretations, ensuring broader industry support.
7. Interpretation requests will have formal comment periods before they are posted for concurrent comment and ballot periods to provide greater stakeholder involvement in the wording of interpretations.
8. Includes an “Expedited Process” that the Standards Committee can use in authorizing drafting teams to change the duration of comment periods and ballot windows, where necessary, to meet specific deadlines. This replaces the “Urgent Action Process” in the RSDP-V7 that required posting a proposed standard for ballot without any comment period.

The Standards Committee has been working with the NERC standards staff to ensure an efficient transition for each standards project from the RSDP-V7 to the new SPM. To ensure a smooth transition, the following guidelines are being applied:

- Projects that are in the SAR development stage will complete the SAR development under RSDP-V7 and then will transition to the new process once the response to comments has been completed.

- Projects that are in the standard development stage but have not had a formal comment period will transition to the SPM with a 30-day formal comment period.
- Projects that are in the standard development stage that have already had at least one formal comment period will transition to the SPM with a 45-day formal comment period conducted in parallel with the formation of a ballot pool and an initial ballot during the last 10 days of the formal comment period.
- Projects that are in the standard development stage that have already had at least one ballot will transition to the SPM with a 30-day formal comment period and a successive ballot conducted during the last 10 days of the formal comment period.
- Projects that were granted variances to the steps in the RSDP-V7 to achieve a specific deadline will remain in effect to the extent the variances continue to be needed under the SPM.

The Standards Committee has also been working with the NERC standards staff to transition each open interpretation from the RSDP-V7 to the SPM. To ensure an efficient transition, the following guidelines are being applied:

- Interpretations that have not had a ballot pool formed will be posted for a 30-day formal comment period.
- Interpretations that have already had a ballot pool formed will move to a 45-day parallel comment/ballot period, with a new opportunity for stakeholders to join or drop out of the ballot pool.
- Interpretations that have been through an initial ballot and qualify for a recirculation ballot under the SPM will proceed to the recirculation ballot.
- If an interpretation has already been accepted and has been through a ballot and failed, and if that interpretation doesn't meet the guidance provided by the NERC Board of Trustees in November 2009, the interpretation drafting team will provide a report to the Standards Committee. The report will summarize the work done and identify whether the team believes work on the project should or should not continue, with a recommendation on resolving the issue identified in the interpretation.

Response to FERC Order on Three-Year ERO Performance Assessment

Action Required

None

Background

On September 16, 2010, the FERC issued its [order on the Three-Year ERO Performance Assessment](#), which NERC filed with the Commission in July 2009. The order included a number of directives that NERC is required to respond to within six months of the order (by March 16, 2011).

Dave Nevius, NERC senior vice president, will outline NERC's planned approach and timeline for responding to the directives in the FERC order. MRC members are welcome to provide comments and suggestions on this approach at the meeting and as the development of NERC's response proceeds.

Reliability Summit Issues

Action Required

Suggest and discuss issues for a future Reliability Summit meeting with FERC.

Background

At its August 4, 2010 meeting, the MRC discussed a concept paper describing an Executive Forum on Reliability presented by NERC President and CEO, Gerry Cauley, intended to improve the communications between NERC and the FERC and the working relations in setting of priorities and expectations.

MRC members, both in their written policy input and in comments at the meeting, agreed that there is great value in more direct communication with FERC commissioners and supported using the MRC or a subset of the MRC for discussion of policy issues with FERC commissioners, NERC board, and senior NERC staff. Support was also expressed for an annual executive strategy summit to engage industry CEOs more directly in the work of NERC to make sure all organizations are supportive of where NERC is going.

In its supplemental comments following the July 6, 2010 technical conference, NERC provided a suggested list of high-level policies issues related to reliability that could profit from in-depth discussion at a reliability summit meeting:

- Need for better understand the scope and meaning of reliability (*e.g.*, cascading versus load loss);
- Tradeoffs between reliability and cost to customers;
- Strategic objectives with regard to critical infrastructure security;
- Reliability impacts of new technologies; and
- Priorities for addressing risks to reliability.

In his October 12, 2010 letter to the MRC encouraging written policy input on a number of subjects, chairman Ed Tymofichuk specifically requested MRC members to comment on the issues listed above and provide suggestions of other issues for a FERC Reliability Summit meeting, tentatively planned for the January – February 2011 timeframe.

The committee will discuss the written inputs received and provide policy advice to the board on issues for a Reliability Summit.

Facility Ratings

Action Required

None

Background

On October 7, 2010, NERC issued a Recommendation to Industry entitled “Consideration of Actual Field Conditions in Determination of Facility Ratings.” Recipients of the alert (Generator Owners, Generator Operators, Planning Authorities, Reliability Coordinators, Transmission Owners, Transmission Operators, and Transmission Planners) should review their current facility ratings methodology for transmission lines to verify the methodology used is based on actual field conditions and determine if their ratings methodology will produce appropriate ratings when considering differences between design and field conditions. If entities have not previously verified that the facility design, installation, and field conditions are within design tolerances when the facilities are loaded at their ratings, entities are required by December 15, 2010, to describe their plans to complete such assessments of all their transmission lines. By April 7, 2011, entities must identify and report to their Reliability Coordinators and Regional Entities all transmission facilities where as-built conditions are different from design conditions, resulting in incorrect ratings. Remediation is expected by October 7, 2012.

Entities should also coordinate their findings with their Reliability Coordinators and Transmission Operators to establish interim mitigation plans, and to identify actions necessary to maintain system reliability during remediation, including updating operating instructions, procedures, system operating limits, interconnection reliability operating limits, and study models. Entities should also notify their Transmission Planners and Planning Authorities of any modifications to facility ratings for use during the remediation period.

Vegetation Management

Action Required

None

Background

On September 15, 2010, NERC issued an Industry Advisory entitled “Need for Rigorous Vegetation Management.” Transmission owners should review their transmission vegetation management practices required under FAC-003-1 to avoid encroachments that could impact transmission lines and affect system reliability. The alert was prompted by an increase in reported outages due to vegetation encroachments. Since this is an Advisory, there is no required entity response.

Aurora II

Action Required

None

Background

On October 13, 2010, NERC issued a Recommendation to Industry entitled “AURORA Mitigation – Protection and Control Engineering Practices and Electronic and Physical Security Mitigation Measures” that replaces the June 21, 2007 Industry Advisory on this issue. The original advisory informed electricity sector entities of a cyber vulnerability which, if exploited, could seriously damage rotating equipment connected to the power grid. Restricted for internal use only by the registered entities, the Recommendation provides new and clarifying information regarding the nature of the vulnerability and additional engineering details behind it. NERC recommends AURORA mitigation options developed by the AURORA technical team that are classified into two broad categories:

- Protection and Control Engineering Practices
- Electronic and Physical Security Mitigation Measures

Recipients of the Recommendation are urged to consider and implement these measures as appropriate to address their specific vulnerabilities for equipment protection, and to ensure the reliability of the bulk power system. Entities are required to respond to a series of questions associated with this recommendation and actions taken in response no later than December 12, 2010, with updates every six months thereafter until the mitigation actions are completed.

Stuxnet

Action Required

None

Background

On September 13, 2010 and in response to new vulnerability information and research conducted by the NERC CIP Malware Tiger Team, Microsoft, Siemens, and ICS-CERT, NERC issued a Recommendation to Industry entitled “Exploit Active for Malware Targeting SCADA Systems (Update 3)” reflecting additional recommendations to the July 22 and August 3, 2010 advisories. Restricted for internal use by the registered entities and their necessary consultants and third-party providers, NERC recommends that recipients of the recommendation:

- Run one of the detection techniques identified in the alert on all Windows based operating system devices in SCADA or Digital Control Systems (DCS), and consider including other Windows based operating systems devices in substations as potentially compromised hosts that could contaminate or re-contaminate SCADA or DCS systems.
- Disable unnecessary removable media ports and devices (USB, CD/DVD), and disconnect unnecessary network shares in SCADA or DCS environments.
- Ensure the corporate security policy specifically addresses security vulnerabilities associated with removable media, including USB memory devices.
- Consider implementing the additional actions recommended in the alert for any Windows based operating system devices in the SCADA or DCS systems.

Entities are required to respond to a series of questions associated with these recommendations no later than October 15, 2010.

Lessons Learned

Action Required

None

Background

To date, 16 lessons learned have been posted in the Resource Center of the NERC Website. These lessons learned have been developed to provide the industry with the details and possible corrective actions for commonly seen or widely-applicable issues found during the course of event analyses. NERC's event analysis team identifies topics during their review of events and drafts the lessons with problem statements, details, and corrective actions. The drafts are then reviewed by the Event Analysis Working Group, finalized, announced to the industry, and posted to the Website.

The posted lessons focus on various topics including: vegetation management; EMS-SCADA systems; underfrequency relay misoperations; labeling of generator controls; and telecommunications, just to name a few. Visit the Events Analysis — Lessons Learned page at: <http://www.nerc.com/page.php?cid=1|83>.

September 23 FERC Frequency Response Technical Conference

Action Required

None

Background

On March 18, 2010, FERC issued an Order setting a compliance deadline of six months from the date of issuance of the Order for NERC to develop modifications to the BAL-003-0 Reliability Standard that comply with the Commission's directives in Order No. 693. These directives are: (1) to define the appropriate periodicity of frequency response surveys necessary to ensure that Requirement R2 and other requirements of the Reliability Standard are being met, and (2) to determine the necessary amount of frequency response needed for reliable operation.

NERC filed a request for clarification and rehearing of the March 18 Order, requesting rehearing regarding the Commission's statement in the March 18 Order that the BAL-003-0 Reliability Standard sets the frequency response of Balancing Authorities to be approximately one percent of peak load of generation or greater. NERC also requested clarification and rehearing of the Commission's requirement in the March 18 Order that NERC determine within a six month deadline the necessary amount of frequency response needed for reliable operation.

FERC issued an Order on May 13, 2010 granting rehearing for further consideration in response to NERC's request for rehearing of the March 18 Order. FERC did not substantively address the requests for reconsideration or rehearing in the May 13 Order, but directed Commission staff to convene a technical conference to provide an opportunity for a public discussion regarding technical issues pertaining to the development of a frequency response requirement. The Commission-led Technical Conference on Frequency Response in the Wholesale Electric Grid was held on September 23, 2010.

NERC's Director of System Analysis and Technical Initiatives, Robert Cummings, participated in the FERC Technical Conference on Frequency Response as a subject matter expert panelist.

The conference focused on the following areas:

- How do various magnitudes of Frequency Response impact the reliable operation of each interconnection?
- How have the three interconnections performed in terms of frequency response?
- Which entity(ies) should be responsible for frequency response and how should allocations be made among the balancing authorities?
- How can frequency response data be obtained and measured

The morning panel session focused on the technical fundamentals of frequency response and control. Dmitry Kosterev of Bonneville Power Administration anchored the discussion. The afternoon panel covered frequency response solutions from an interconnection basis, with Sydney Niemeyer of NRG Energy highlighting the experiences of the ERCOT Interconnection.

NERC filed comments in response to FERC's Technical Conference on Frequency Response on October 14, 2010, which are available at:

http://www.nerc.com/files/FinalFile_Comments_Resp_to_Sept_Freq_Resp_Tech_Conf.pdf.

NERC explained in its comments that Frequency Response of the interconnected North American electric systems has shown a significant decline for several years, and NERC provided several reasons for the decline. NERC also explained that the analysis of frequency response must be broken down into the time periods in which the various components of the response act, and that understanding which of those control components can and should be modified to influence the overall response is crucial to coming up with cohesive and effective solutions to this decline.

Included in the October 14 filing is an outline of NERC's Frequency Response Initiative Work Plan and Next Steps and a list of technical tasks that includes coordination of multiple efforts underway in standards development and performance analysis, and performing in-depth interconnection-wide frequency response analysis to achieve a better understanding of the factors influencing frequency performance across North America. NERC will also file, by October 25, 2010, its proposed timeline for development of a Reliability Standard addressing frequency response, as directed by the Commission's May 13, 2010 Order.

NERC Frequency Response Alerts

Action Required

None

Background

NERC issued two Alerts related to the Frequency Response Initiative in September using the NERC Secure Alerts System:

Generator Governor Information and Settings — This Alert Recommendation was issued to Generator Owners and Generator Operators on September 9, 2010. It called for Generator Owners or Generation Operators to provide information and settings for generator governors using a survey spreadsheet for all generators rated 20 MVA or higher, or plants that aggregate to a total of 75 MVA or greater net rating at the point of interconnection (i.e., wind farms, PV farms, etc.).

The survey asks for detailed information on generator governors and their settings for each unit. The data collection is intended to serve two purposes: (1) to initiate a review by Generator Owners and Operators of the state and control settings of their governors in relation to the 2004 Guidelines, and (2) to create a benchmark of governor data and settings for comparison to governor models in transient stability models.

Responses to the Alert are due back to NERC on December 9, 2010 (90 day response). A subsequent report to FERC will be issued within 30 days of that date, in accordance with Section 810 of the NERC Rules of Procedure.

Balancing Authority Frequency Response — This Alert Recommendation was issued to Balancing Authorities on September 15, 2010. It called for Balancing Authorities to complete a survey of their frequency response for the frequency excursion events for late-2008 and 2009.

The information submitted in response to this Recommendation will provide a benchmark of Balancing Authority Frequency Response from selected frequency deviation events to assist the Frequency Response Standard (FRS) drafting team in making informed decisions and streamline the data collection for the proposed standard.

Responses to the Alert are due back to NERC on October 29, 2010 (45 day response). A subsequent report to FERC will be issued within 30 days of that date.

Standards Development Activities

Action Required

None

Background

The Frequency Response Standards Drafting Team (Project 2007-12 – Frequency Response) is preparing (as of this writing) for an informal posting a draft standard, criteria for selecting frequency events, and a background technical reference document by the end of October. These documents incorporate a number of the near-term tasks of the Frequency Response Initiative, as identified in NERC's October 14 with FERC.

Work also continues on the other frequency-response related standards. In July, standards projects 2007-05 – Balancing Authority Controls and 2007-18 – Reliability-based Controls, were merged into Project 2010-14 – Balancing Authority Reliability-based Control. That combined project will address:

- FERC Final Rule “Mandatory Reliability Standards for the Bulk-Power System, FERC Order 693” on the NERC standards BAL-002, 004, 005, and 006
- Specify Time Error Correction, special Area Control Error cases, and Inadvertent Interchange reliability requirements/business practices with NERC and NAESB collaborative participation
- Expanding on the work done in developing the draft BAL-007 through BAL-011 standards by adding requirements to address the following concerns:
 - To support corrective action by the BA when excessive Area Control Error (as determined by this standard) may be contributing to or causing action to be taken to correct an SOL/IROL problem;
 - To prevent Interconnection frequency excursions of short duration attributed to the ramping of on and off-peak Interchange Transactions; and
 - To support timely transmission congestion relief by requiring corrective load/generation management by the Balancing Authority(ies) within a defined timeframe when participating in transmission loading relief procedures.

The work of the combined projects is just getting started with a combined standards drafting team.

Additional information on these activities will be available and presented at the November 3, 2010 MRC meeting.

Looking Ahead to February 2011 Meeting — Key Agenda Items

Action Required

None

Background

The following have been identified as possible key items for the February 2011 MRC agenda. MRC members are welcome to suggest additional items.

- New Member Orientation Session
- Election of New Trustees
- Annual Priorities and Emphasis Discussion
- Continued discussion of “Culture of Reliability Excellence”
- Results of field test of new Event Analysis Process
- Outcomes from Reliability Summit
- Status of Response to FERC Order on Three-Year ERO Performance Assessment

Update on Regulatory Matters (As of October 15, 2010)

Action Required

None

Regulatory Matters in Canada

1. Negotiation ongoing with the Régie and NPCC regarding implementation of mandatory standards in Québec.
2. Adoption of NERC Reliability Standards pending in Nova Scotia.
3. Adoption of NERC Reliability Standards pending in Alberta.

FERC Orders Issued Since the Last Update

1. July 23, 2010 – Letter Order Approving Amended 2010 Business Plan and Budget of the Western Electricity Coordinating Council. *Docket No. RR10-9-000*
2. August 5, 2010 – Notice stating FERC will not further review, on its own motion, NOPs in *Docket Nos. NP10-119-000* Citizens Electric Corporation; *NP10-120-000* E.ON U.S. Services Inc.; *NP10-121-000* Reedy Creek Improvement District; *NP10-122-000* The Empire District Electric Company; *NP10-123-000* Board of Public Utilities, City of McPherson, Kansas; *NP10-124-000* Elk Hills Power, LLC; *NP10-125-000* Covanta York Renewable Energy, LLC; *NP10-126-000* Lincoln Generating Facility, LLC; *NP10-127-000* SRW Cogeneration Limited Partnership; *NP10-128-000* National Grid Generation, LLC; *NP10-129-000* Benton County Wind Farm, LLC; *NP10-130-000* Unidentified Registered Entity; *NP10-131-000* Unidentified Registered Entity; *NP10-132-000* Camp Grove Wind Farm, LLC; *NP10-133-000* Hermiston Generating Co., L.P.; *NP10-134-000* Unidentified Registered Entity; *NP10-135-000* Unidentified Registered Entity; *NP10-136-000* Unidentified Registered Entity; *NP10-137-000* Unidentified Registered Entity; *NP10-138-000* Unidentified Registered Entity; *NP10-139-000* Unidentified Registered Entity; and *NP10-142-000* NAES Corporation – Lincoln Generating Facility.
3. August 6, 2010 – Letter Order Approving June 1, 2010 Compliance Filing regarding the Report of Comparisons of Budgeted to Actual Costs for 2009 for NERC and the Regional Entities. *Docket No. RR10-10-000 and RR08-6-000*
4. August 11, 2010 – Notice Extending the Time, to January 10, 2011, to comply with the July 12 Order Conditionally Accepting SERC, FRCC and SPP Compliance Monitoring and Enforcement Program Agreements, and Revised Delegation Agreements, and Ordering Compliance Filing. *Docket No. RR10-7-000*
5. August 19, 2010 – Order Granting a further extension of time, to December 13, 2010, for NERC to comply with the Commission March 18, 2010 directive that NERC revise its Rules of Procedure that pertain to the development of Reliability Standards. *Docket No. RR09-6-000*
6. August 19, 2010 – Notice of Technical Conference on Frequency Response – The Technical Conference will be held September 23, from 10:00 a.m. to approximately 4:00 p.m. *Docket No. RM06-16-010, RM06-16-011*

7. August 20, 2010 – Order Approving the Western Electricity Coordinating Council Audit Report. *Docket No. PA09-5-000*
8. August 27, 2010 – Notice stating FERC will not further review, on its own motion, NOPs in *Docket Nos. NP10-143-000* City of Tallahassee; *NP10-144-000* Dynegy, Inc.; *NP10-145-000* Pacific Gas and Electric Company; *NP10-146-000* San Diego Gas and Electric Company; *NP10-147-000* Greenwood Commissioners of Public Works; *NP10-148-000* City of Vineland New Jersey; *NP10-150-000* Baltimore Gas and Electric Company; *NP10-151-000* Pepco Energy Company; *NP10-152-000* Dynegy, Inc.; *NP10-153-000* DTE Energy Trading; *NP10-154-000* Ocala Utility Services; *NP10-155-000* EPCOR USA North Carolina LLC (Roxboro); *NP10-156-000* EPCOR USA North Carolina LLC (Southport); *NP10-157-000* Commonwealth Edison Company; *NP10-158-000* Public Service Company of New Mexico; *NP10-159-000* Unidentified Entity.
9. August 27, 2010 – Notice of Technical Conference on Demand Response – The Technical Conference will be held on September 13, 2010. *Docket No. RM10-17-000*
10. September 3, 2010 – Order approving NERC’s proposed Standard Processes Manual, replacing Version 7 of the Reliability Standards Development Procedure (RSDP), and ordering a compliance filing. *Docket No. RR10-12-000*
11. September 8, 2010 – Letter Order approving NERC’s May 17, 2010 compliance filing which provided modifications to 57 Version 1 CIP Violation Severity Levels. *Docket No. RM06-22-013*
12. September 16, 2010 – Order approving the NERC three-year performance assessment, finding NERC and the Regional Entities continue to satisfy the statutory and regulatory criteria for certification, and directing informational filing in six months. *Docket Nos. RR09-7-000, AD10-14-000*
13. September 16, 2010 – Order Approving NERC's interpretation of MOD-001-1 (Available Transmission System Capability) and MOD-029-1 (Rated System Path Methodology). *Docket No. RD10-5-000*
14. September 16, 2010 – Order Denying Rehearing, Denying Clarification, Denying Reconsideration of directive for Reliability Standard FAC-008, and Denying Request for a Stay Regarding Development of Reliability Standards. *Docket No. RR09-6-001*
15. September 16, 2010 – Order Approving NERC's interpretation of VAR-002-1.1b (Generator Operation for Maintaining Network Voltage Schedules). *Docket No. RD09-5-000*
16. September 17, 2010 – Revised Policy Statement on Penalty Guidelines. *Docket No. PL10-4-000*
17. September 30, 2010 – Notice stating FERC will not further review, on its own motion, NOP in *Docket No. NP10-20-000* Dynegy Inc.
18. October 1, 2010 – Notice of Technical Conference on Reliability Monitoring Enforcement and Compliance Issues to be held on November 18, 2010 from 1 p.m. until 5:00 p.m. EST. *Docket No. AD11-1-000*
19. October 1, 2010 – Order Approving NERC's April 21, 2010 Technical Feasibility Exception compliance filing in response to the Commission’s January 21, 2010 order and directing an additional compliance filing within 90 days of the date of the order. *Docket No. RR10-1-001*
20. October 5, 2010 – Notice of Technical Conference on Transmission Vegetation Management Programs, to be held on October 26, 2010 from 1:00 p.m. to approximately 5:00 p.m. *Docket No. AD11-2-000*

21. October 8, 2010 – Notice stating FERC will not further review, on its own motion, NOP in *Docket No. NP10-141-000* Los Angeles Department of Water and Power.

NERC Filings Since the Last Update

1. July 19, 2010 – Supplemental information regarding Notice of Penalty in FERC *Docket No. NP10-140-000*
2. July 26, 2010 – Comments following the July 6, 2010 Technical Conference. *Docket No. AD10-14-000*
3. July 26, 2010 – Motion to answer the comments filed in response to NERC's *Petition for Approval of Revised Pro Forma Delegation Agreement, Revised Delegation Agreements with the Eight Regional Entities, and Amendments to the NERC Rules of Procedure* filed on June 9, 2010. *Docket No. RR10-11-000*
4. July 27, 2010 – NERC and SERC Reliability Corporation provide supplemental information to the Notice of Penalty regarding Citizens Electric Corporation. *Docket No. NP10-119-000*
5. July 27, 2010 – Informational filing of the report titled Reliability Impacts of Climate Change Initiatives: Technology Assessment and Scenario Development. *Docket No. RM06-16-000*
6. July 30, 2010 – Notices of Penalty regarding the following entities in *Docket Nos. NP10-143-000* City of Tallahassee; *NP10-144-000* Dynegy, Inc.; *NP10-145-000* Pacific Gas and Electric Company; *NP10-146-000* San Diego Gas and Electric Company; *NP10-147-000* Greenwood Commissioners of Public Works; *NP10-148-000* City of Vineland New Jersey; *NP10-150-000* Baltimore Gas and Electric Company; *NP10-151-000* Pepco Energy Company; *NP10-152-000* Dynegy, Inc.; *NP10-153-000* DTE Energy Trading; *NP10-154-000* Ocala Utility Services; *NP10-155-000* EPCOR USA North Carolina LLC (Roxboro); *NP10-156-000* EPCOR USA North Carolina LLC (Southport); *NP10-157-000* Commonwealth Edison Company; *NP10-158-000* Public Service Company of New Mexico; *NP10-159-000* Unidentified Entity.
7. August 2, 2010 – Informational filing of the Special Reliability Scenario Assessment Report: Potential Reliability Impacts of Swift Demand Growth after a Long-Term Recession. *Docket RM06-16-000*
8. August 6, 2010 – NERC, SERC Reliability Corporation, Florida Reliability Coordinating Council and Southwest Power Pool Regional Entity request reconsideration, or in the alternative rehearing, of Paragraph 25 of July 12, 2010 Commission Order. *Docket No. RR10-7-001*
9. August 18, 2010 – Motion for an Extension of Time from August 19, 2010 to September 8, 2010, to allow NERC, Western Electricity Coordinating Council and ReliabilityFirst Corporation to submit the responses to FERC's August 5, 2010 Requests for Data and Documents. *Docket Nos. NP10-140-000 and NP10-141-000*
10. August 20, 2010 – Supplemental NERC comments following the July 6, 2010 technical conference. *Docket No. AD10-14-000*
11. August 20, 2010 – Motion to defer action on Time Error Correction Reliability Standard BAL-004-1. *Docket No. RM09-13-000*
12. August 23, 2010 – Comments regarding the Notice of Proposed Rulemaking regarding the PER-004-2 and PER-005-1 Reliability Standards. *Docket No. RM09-25-000*

13. August 23, 2010 – Supplemental information for pending City of Tallahassee Notice of Penalty in *Docket No. NP10-143-000*
14. August 24, 2010 – Request for Acceptance of 2011 Business Plan and Budgets of NERC and Regional Entities and for Approval of Proposed Amendments to Fund the 2011 Budgets. *Docket No. RR10-13-000*
15. August 25, 2010 – Supplemental information for pending Notice of Penalty for Kiowa Power Partners, LLC. *Docket No. NP10-149-000*
16. August 31, 2010 – Second Quarter 2010 Compliance Filing in Response to Order 693. This informational filing includes material regarding the timeframe to restore power to the auxiliary power systems of U.S. nuclear power plants following a blackout as determined during simulations and drills of system restoration plans. *Docket No. RD10-14-001*
17. September 8, 2010 – NERC and WECC submit a response to the August 5, 2010 Request for Data and Documents regarding the July 6, 2010 Notice of Penalty filing for Los Angeles Department of Water and Power. *Docket No. NP10-141-000*
18. September 8, 2010 – NERC and ReliabilityFirst Corporation submit a response to the August 5, 2010 Request for Data and Documents regarding a July 6, 2010 Notice of Penalty. *Docket No. NP10-140-000*
19. September 9, 2010 – Compliance Filing and Petition for Approval of Implementation Plans for Generator Owners and Generator Operators of nuclear power plants in the United States for Versions 2 and 3 of the Critical Infrastructure Protection Reliability Standards, designated as CIP-002-2 through CIP-009-2 and CIP-002-3 through CIP-009-3. *Docket No. RM06-22-014*
20. September 9, 2010 – Petition for Approval of Proposed Modifications to Reliability Standards BAL-002-1 (Disturbance Control Performance); EOP-002-3 (Capacity and Energy Emergencies); FAC-002-1 (Coordination of Plans for New Generation, Transmission, and End-User Facilities); MOD-021-2 (Documentation of the Accounting Methodology for the Effects of Demand-Side Management in Demand and Energy Forecasts); PRC-004-2 (Analysis and Mitigation of Transmission and Generation Protection System Misoperations); and VAR-001-2 (Voltage and Reactive Control). *Docket No. RD10-15-000*
21. September 13, 2010 – Second Omnibus Notice of Penalty filing regarding 20 Registered Entities. *Docket No. NP10-160-000*
22. September 24, 2010 – Reconciliation Report Submitted in Accordance with Petition for Approval of Delegation Agreement with Texas Reliability Entity, Inc. and 2010 Business Plan and Budget of Texas Reliability Entity, Inc.” *Docket No. RR010-6 -001*
23. September 30, 2010 – Notices of Penalty regarding the following entities in *Docket Nos. NP10-161-000* Orlando Utilities Commission; *NP10-162-000* East Texas Electric Cooperative, Inc.; *NP10-163-000* SWG Colorado, LLC; *NP10-164-000* Shady Hills Power Company, LLC; *NP10-165-000* Kern River Cogeneration Company; *NP10-166-000* Edison Mission Marketing & Trading, Inc.; *NP10-167-000* PUD No. 1 of Douglas County; *NP10-168-000* NorthWestern Energy; *NP10-169-000* Citizens Electric Corporation; *NP10-170-000* Seneca Light and Water; *NP10-171-000* Post Oak Wind, LLC; *NP10-172-000* Klickitat County PUD; *NP10-173-000* Vermont Marble Power Division of Omya Inc; *NP10-174-000* Carr Street Generating Station, LP; *NP10-175-000* Erie Boulevard Hydropower, LP; *NP10-176-000* Great Lakes Hydro America – ME; *NP10-177-000* Monongahela Power Company; *NP10-178-000* Dynegy Inc.; *NP10-179-000* Minnesota Municipal Power Agency; *NP10-*

180-000 Tennessee Valley Authority; NP10-181-000 UGI Utilities, Inc.; NP10-182-000 Conectiv Energy Supply, Inc; NP10-183-000 Dynegy, Inc.; NP10-184-000 Klickitat County PUD; NP10-185-000 South Louisiana Electric Cooperative Association; NP10-186-000 Fox Energy Company LLC; NP10-187-000 City of Ruston, LA; NP10-188-000 City of Tacoma, Department of Public Utilities, Light Division; NP10-189-000 Hetch Hetchy Water and Power; NP10-190-000 Colorado Springs Utilities.

24. October 6, 2010 – Second Motion for Extension of Time to Reply to Data Request in Docket No. NP10-149-000. Motion for an Additional Extension of Time from October 8, 2010 to November 8, 2010, to allow NERC and Texas Reliability Entity, Inc. to submit the response to FERC’s August 27, 2010 Request for Data and Documents. *Docket No. NP10-149-000*
25. October 8, 2010 – Supplemental Information Regarding Omnibus II. Supplemental information regarding the Western Electricity Coordinating Council Reliability Coordinator violations that were included in the September 13, 2010 Omnibus II filing under the name of NERC as Compliance Enforcement Authority. *Docket No. NP10-160-000*
26. October 14, 2010 – Comments following the Technical Conference regarding Frequency Response that was held on September 23, 2010. *Docket Nos. RM06-16-010 and RM06-16-011*
27. October 15, 2010 – Status Report of NERC in Response to the FERC March 19, 2009 Order No. 706-B. *Docket No. RM06-22-000*

Anticipated NERC Filings

1. October 15, 2010 – NERC must submit a compliance filing regarding the “Bright Line” Determination for the “balance of plant” at nuclear power plants. *Docket No. RM06-22-006*
2. October 16, 2010 – Requests for rehearing are due in response to the September 16, 2010 FERC Open Meeting orders.
3. October 25, 2010 – NERC must submit a proposed schedule that includes firm deadlines for completing studies, analyses needed to develop a frequency response requirement, and for submission of a modified Reliability Standard that is responsive to the Commission directives in Order No. 693 pertaining to Reliability Standard BAL-003-0. *Docket Nos. RM06-16-010 and RM06-16-011*
4. October 27, 2010 – NERC will be submitting the next round of Notices of Penalty.
5. October 30, 2010 – FRCC must submit an implementation plan to FERC in response to the June 23 Order approving the FRCC Audit Report. *Docket No. PA09-7-000*
6. November 1, 2010 – Comments are due in response to the Department of Energy’s Smart Grid Request for Information.
7. November 18, 2010 – Technical conference will be held to discuss reliability monitoring, enforcement, and compliance issues. *Docket No. AD11-1-000*
8. November 21, 2010 — NERC and WECC must submit a revised Standard that includes the Violation Severity Levels associated with each requirement of the revised BAL-004-WECC-1 Standard. *Docket No. RM08-12-000*
9. November 30, 2010 – Quarterly NUC filing in response to Paragraph 629 of Order No. 693. *Docket No. RM06-16-000*
10. December 1, 2010 – NERC must submit the second Violation Severity Level guideline filing to comply with Commission directives in the June and November Violation Severity Level Orders.
11. December 1, 2010 – NERC must submit Violation Risk Factors and Violation Severity Level for the six ATC Standards (MOD-001-1, MOD-004-1, MOD-008-1, MOD-028-1, MOD-029-1 and MOD-030-2). *Docket No. RM08-19-000*
12. December 2, 2010 – NERC must submit a compliance filing in response to the September 3, 2010 Order approving the Standards Process Manual. *Docket No. RR10-12-000*

13. December 13, 2010 –NERC must submit modifications to Standards Development Procedure. *Docket No. RR09-9-000*
14. December 30, 2010 – NERC must submit a compliance filing in response to the October 1, 2010 TFE Order. *Docket No. RR10-1-001*
15. December 31, 2010 – NERC and WECC will submit a status report on the WECC hearing process. *Docket No. RR06-022, et al.*
16. January 10, 2011 – NERC must submit a compliance filing in response to the July 12 Order regarding the agreements between SERC Reliability Corporation, Southwest Power Pool Regional Entity and Florida Reliability Coordinating Council. *Docket No. RR10-7-000.*
17. January 30, 2011 – NERC must submit a quarterly report on the voting results of the Reliability Standards Development Process. *Docket Nos. RR09-7-000 and AD10-14-000*
18. January 31, 2011 – NERC must submit modifications to Reliability Standards FAC-012 and FAC-013. *Docket No. RM08-19-000*
19. March 16, 2011 – NERC must submit its six month informational filing in response to the September 16, 2010 Order on the Three-Year Performance Assessment. *Docket Nos. RR09-7-000 and AD10-14-000*
20. March 31, 2011 – NERC to submit a modification to Table I, footnote b of Reliability Standard TPL-002-0 as directed in the March 18, 2010 Order. *Docket No. RM06-16-009*
21. September 28, 2011 – NERC must submit an annual informational report (the first) regarding the TFE program (*see* October 1, 2010 Order). *Docket No. RR10-1-001*