

Minutes

Standards Oversight and Technology Committee

May 6, 2015 | 8:00 a.m. – 9:00 a.m. Eastern

The Ritz-Carlton, Pentagon City
1250 S Hayes Street
Arlington, VA 22202

Kenneth G. Peterson, Chair, called to order a duly noticed meeting of the Standards Oversight and Technology Committee (the “Committee”) of the Board of Trustees of the North American Electric Reliability Corporation (“NERC”) on May 6, 2015, at 8:00 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members

Kenneth G. Peterson, Chair

Paul F. Barber

Frederick W. Gorbet

David Goulding

Douglas Jaeger

Board of Trustees Members

Janice B. Case

Gerald W. Cauley

Robert Clarke

George Hawkins

Jan Schori

Roy Thilly

NERC Staff:

Valerie Agnew, Senior Director of Standards

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary

Thomas Burgess, Vice President and Director of Reliability Assessment and Performance

Stan Hoptroff, Vice President and Chief Technology Officer

Mark G. Lauby, Senior Vice President and Chief Reliability Officer

Marcus Sachs, Senior Vice President and Chief Security Officer

Janet Sena, Senior Vice President and Director Policy and External Affairs

Brady Walker, Associate Counsel

Michael Walker, Senior Vice President, Chief Financial and Administrative Officer, and Corporate Treasurer

Other:

Brian Murphy, Chair, Standards Committee

NERC Antitrust Compliance Guidelines

Mr. Peterson directed the participants' attention to the NERC Antitrust Compliance Guidelines included with the agenda materials, and stated that any additional questions regarding these guidelines may be directed to Mr. Berardesco.

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Upon motion duly made and seconded, the Committee approved the minutes of the February 11, 2015 meeting as presented to the Committee at the meeting.

ERO Enterprise IT Application Strategy

Mr. Hoptroff provided an update on the ERO Enterprise IT Application Strategy. He reviewed the status of development and implementation of several programs, including the reliability assessment data system, the events analysis application based on the Microsoft host platform, enterprise reporting phase I which allows for direct access to certain data used for various reporting purposes, tools for use with the Compliance Monitoring and Enforcement Program ("CMEP"), the ES-ISAC portal, and the document management program. With regard to ES-ISAC-related initiatives, Mr. Hoptroff noted the commitment of his department to conforming to the ES-ISAC Code of Conduct.

Mr. Hoptroff provided an overview of progress on major initiatives for 2015 and those projected for 2016, and discussed the associated priorities moving forward.

Mr. Hoptroff stated that NERC plans to continue to monitor the development of new technologies as a way to improve business processes, and that NERC IT would continue to work with the ERO Enterprise Technology Leadership Team to determine necessary resources, taking into account current business processes and available financial resources.

FAC-003: Research and Development Results of Gap Factor Verification

Mr. Burgess provided an overview of the history of Reliability Standard FAC-003 and FERC's recommendations to undertake additional testing to validate the process for calculating a "gap factor" used in determining the Minimum Vegetation Clearance Distances ("MVCD") with which entities must comply. He stated that NERC contracted with the Electric Power Research Institute ("EPRI") to conduct the testing, and that EPRI had formed an advisory group which provided guidance on the scope and development of the test plan, and assisted in validating the test results.

Mr. Burgess described the testing procedures and stated that most of testing was complete by Fall 2014. He indicated that NERC and EPRI staff had conducted an in-depth analysis of the results. That analysis, he said, revealed that the "gap factor" used in the calculation of MVCD should be adjusted from 1.3, as it appears in the currently-effective version of the Reliability Standard, to 1.0. The effect of that adjustment would be an increase in the MVCD.

Mr. Burgess stated that NERC and EPRI will conduct further testing to verify the gap factor adjustment and had been engaged in several activities to alert industry of the impending revision, including webinars, briefings, and the preparation of an alert advisory. Once testing is complete, he indicated that NERC would seek to initiate a Standard Authorization Request to make appropriate revisions to the FAC standard.

Future of Standards Development

Mr. Peterson provided an overview of the policy input that had been received from the MRC and that his goal from the discussion would be for the Committee to come to a consensus on direction to provide to NERC staff and the Standards Committee as to how standards development should progress over time. He emphasized the importance of determining the best course of action to ensure a robust and high quality set of standards.

Ms. Agnew led a discussion of reliability standards development over the last several years and presented several options for the future. She stated that, consistent with the policy input responses, NERC staff is pleased with the level of achievement in standards development but feels that there are some areas in which standards can be improved. To that end, NERC staff is supportive of a measure approach to periodic reviews of standards moving forward.

Mr. Murphy offered comments supportive of that approach and encouraged the use of a data driven approach in identifying standards for enhanced periodic review, pointing to valuable information available through CMEP, RAPA, and from the industry's practical application of the standards.

Committee members and Trustees engaged in a discussion of the issue and the various options. Several Committee members offered comments supportive of moving ahead with enhanced periodic reviews in a measured way. Mr. Gorbet asked that Ms. Agnew, Mr. Murphy, and staff as appropriate take into consideration the range of policy input comments received in an effort to determine the best and most effective way forward, and to include their recommendations in the Reliability Standards Development Plan ("RSDP") scheduled to be reviewed the by Board later this year.

Periodic Review of NERC ANSI Accreditation

Mr. Berardesco reviewed NERC's ANSI Accreditation status as required by the Committee mandate. NERC received its original accreditation in 2003. NERC was recertified most recently in May 2013 and continues to operate in accordance with ANSI requirements.

Reliability Standards Quarterly Status Report and Standards Committee Report

Ms. Agnew presented the Reliability Standards Quarterly Status Report which (i) outlined Reliability Standards that will be presented to the Board for approval, (ii) updated the number of outstanding FERC directives, and (iii) provided an update on projects slated for development as outlined in the 2015-2017 RSDP. Mr. Murphy presented a summary of the policy input letter that had been submitted on behalf of the Standards Committee.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned at 9:00 a.m. Eastern.

Submitted by,



Charles A. Berardesco
Secretary