

Agenda

Member Representatives Committee

Pre-Meeting Informational Session

October 12, 2022 | 11:00 a.m. – 12:00 p.m. Eastern

Attendee WebEx: [Click to Join](#)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. Schedule and Preliminary Agenda Topics for the November 2022 Board, Board Committees, and MRC Meetings*
2. Overview of Policy Input Letter
 - a. Standards Process Improvement Opportunities*
3. 2022-23 Winter Reliability Assessment: Early Findings on Fuel Risks*

*Background materials included.

Antitrust Compliance Guidelines

I. General

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

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

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

II. Prohibited Activities

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

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

III. Activities That Are Permitted

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

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

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

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

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

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

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

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Member Representatives Committee (MRC)

Pre-Meeting and Informational Webinar
October 12, 2022

RELIABILITY | RESILIENCE | SECURITY



- Review schedule and preliminary agenda topics for the November 2022 Board, Board Committees, and MRC meetings
- Review policy input letter topic
 - Standards Process Improvement Opportunities
- 2022-23 Winter Reliability Assessment: Early Findings on Fuel Risks

- **October 12:** Policy input letter issued
- **October 31:** Open Board Committees agenda packages and presentations posted
- **November 1:** Written comments due on policy input topics and preliminary agenda topics
- **November 2:** Board and MRC agenda packages and policy input letter comments posted
- **November 7:** Board Committee open meetings
- **November 9:** Board and MRC presentations posted
- **November 15-16:** Board and MRC open meetings

Schedule of November Board, Board Committee, and MRC Open Meetings

Monday, November 7, 2022 (Virtual)*	
10:00 a.m.-10:45 a.m.	Corporate Governance and Human Resources Committee Meeting— <u>Open</u>
11:15 a.m.-12:15 p.m.	Finance and Audit Committee Meeting— <u>Open</u>
1:00 p.m.-2:00 p.m.	Compliance Committee Meeting — <u>Open</u>
2:30 p.m.-3:30 p.m.	Technology and Security Committee Meeting— <u>Open</u>
Tuesday, November 15, 2022 (New Orleans)**	
1:00 p.m.-4:00 p.m.	Member Representatives Committee Meeting— <u>Open</u>
5:00 p.m.	Reception
Wednesday, November 16, 2022 (New Orleans)**	
9:30 a.m.-1:00 p.m.	Board of Trustees Meeting— <u>Open</u>

**November 7 Board of Trustees Open Committee meeting times are Eastern*

***November 15-16 MRC and Board of Trustees open meeting times are Central*

- Approve Board of Trustees Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey
- Annual Review of Trustee Compensation
- Status of Washington, D.C. Office

- **Third Quarter Statement of Activities**
 - NERC Summary of Results as of September 30, 2022
 - Total ERO Enterprise Summary of Results as of September 30, 2022
 - Regional Entity Variance Reports as of September 30, 2022
- **2023 Business Plan and Budget Status**
- **2024 Business Plan and Budget Schedule**

- CMEP Implementation Plan
- Facility Ratings Update

- E-ISAC Operations Update
- 2023 ERO Applications Update

- Future Meetings
- Election of MRC Officers for 2023
- MRC Sector Nominations and Elections Schedule
- General Updates and Reports
 - Board of Trustees Nominating Committee Update
 - Business Plan and Budget Input Group Update
 - Regulatory Update
- Policy and Discussion Items
 - Responses to the Board's Request for Policy Input
 - Standards Process Improvement Opportunities
 - Additional Policy Discussion of Key Items from Board Committee Meetings
 - MRC Input and Advice on Board Agenda Items and Accompanying Materials

- **Technical Updates**

- Review of Inverter-Based Resource Trends and the Bulk Electric System
- Winter Weather Preparedness Update
- Update on FERC Reliability Matters
- Bulk Power System Situation Awareness Update

- Report on the November 15, 2022 Closed Meeting
- Board Committee Reports
 - Accept Third Quarter Statement of Activities
 - Approve Board of Trustees Travel and Expense Policy
- Standards Quarterly Report and Actions
 - Adopt 2020-03 Supply Chain Low Impact Revisions
 - Adopt 2021-04 Modifications to PRC-002-2
 - Approve Reliability Standards Development Plan
 - Accept Low Impact Criteria Review Team Recommendations
 - Standards Process Improvement Opportunities

- **Other Matters and Reports**
 - Discuss Policy Input and MRC Meeting
 - Approve 2023 NERC Work Plan Priorities
 - Approve Generating Availability Data System (GADS) Data Request for Utility-Scale Solar Plants and Updates for GADS Wind and Conventional GADS
 - 2022 Long-Term Reliability Assessment Preview
 - 2022-2023 Winter Reliability Assessment Preview
 - ERO Enterprise Reliability Indicators Update
- **Committee, Forum, and Group Reports**



Questions and Answers

Standards Process Improvement Opportunities

Action

Information

Background

The bulk power system (BPS) is now undergoing major transformation, presenting new and emerging challenges to reliability. Additionally, the cyber landscape continues to change, presenting new opportunities for efficient administration of the grid, but also new and evolving challenges and threats that grow more complex each year. Since 2007, mandatory Reliability Standards have played an important role in advancing the reliability and security of the North American BPS, and mandatory Reliability Standards will continue to play a vital role in addressing the new and emerging challenges of the transforming grid. Given the pace of change, however, NERC must evaluate its standard development processes to ensure that they can keep pace with the speed at which these risks are emerging.

With the importance of addressing the challenges of the transforming grid in mind, the NERC Board of Trustees directed NERC Staff at its February 10, 2022 to examine the body of rules regarding Reliability Standards development and, considering the feedback of stakeholders, recommend such changes that would improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

Summary

NERC Staff provided updates on this effort to the Board at its May 12, 2022, and August 18, 2022, meetings. The updates included NERC staff's review of the body of rules regarding Reliability Standards development and its preliminary recommendations for standard processes improvements. Several of the recommendations call for revisions to the NERC rules governing standards (Section 300 of the Rules of Procedure or the Standard Processes Manual, Appendix 3B to the Rules of Procedure). Other recommendations call for changes or clarifications in the ways NERC or the Standards Committee administers the existing rules or processes.

NERC staff convened the Standards Process Stakeholder Engagement Group (SPSEG) to provide feedback on the preliminary recommendations. This feedback would inform the final recommendations to be presented to the Board. The Board appointed Roy Thilly as the chair of the stakeholder panel, with the following individuals as members of the panel:

Representing the Board:

Sue Kelly
Rob Manning

Representing the MRC:

Roy Jones
Jennifer Flandermeyer
Paul Choudhury
Matt Schuerger

Representing the NERC standing committees:

Amy Casuscelli (Standards Committee)

Brian Slocum (Reliability Issues Steering Committee)

Scott Tomashefsky (Compliance and Certification Committee)

Greg Ford (Reliability and Security Technical Committee)

Rich Hydzyk (Reliability and Security Technical Committee)

NERC staff support:

Howard Gugel

Mechelle Thomas

Lauren Perotti

Marisa Hecht

Latrice Harkness

Tina Buzzard

As part of the October 12, 2022, policy input letter, the NERC Board is requesting policy input on the SPSEG's proposed recommendations. NERC staff will provide an update on the progress of this effort, including a summary of the proposed recommendations.

2022-23 Winter Reliability Assessment: Early Findings on Fuel Risks

Action

Information

Background

The NERC 2022-23 Winter Reliability Assessment (WRA) identifies, assesses, and reports on areas of concern regarding the reliability of the North American bulk power system (BPS) for the upcoming winter season. In addition, the WRA will present peak electricity supply and demand changes, as well as highlight any unique regional challenges or expected conditions that might impact the BPS.

NERC Staff will present preliminary findings from the WRA to provide timely awareness and recommendations for industry and stakeholders. Maintaining assured fuel supplies is an ongoing winter reliability concern. The current low storage levels of fuels used by electricity generators in North America and a range of looming fuel resupply challenges have the potential to impact winter regional BPS reliability.

NERC expects to issue the 2022-23 Winter Reliability Assessment on or about November 17, 2022.

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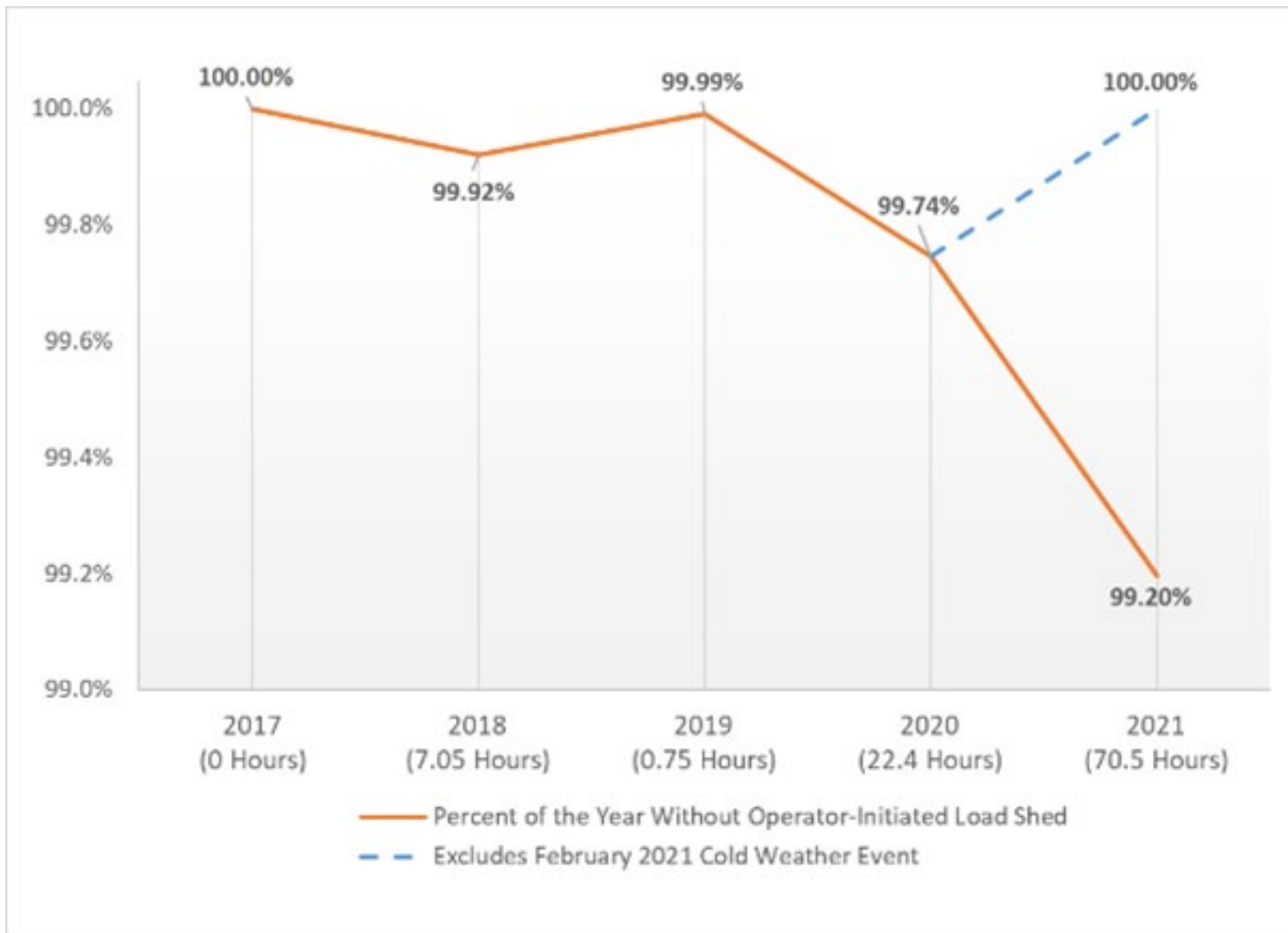
2022-2023 Winter Reliability Assessment

Early Findings on Fuel Risks

RELIABILITY | RESILIENCE | SECURITY



Unfavorable Trend in Energy Deficits



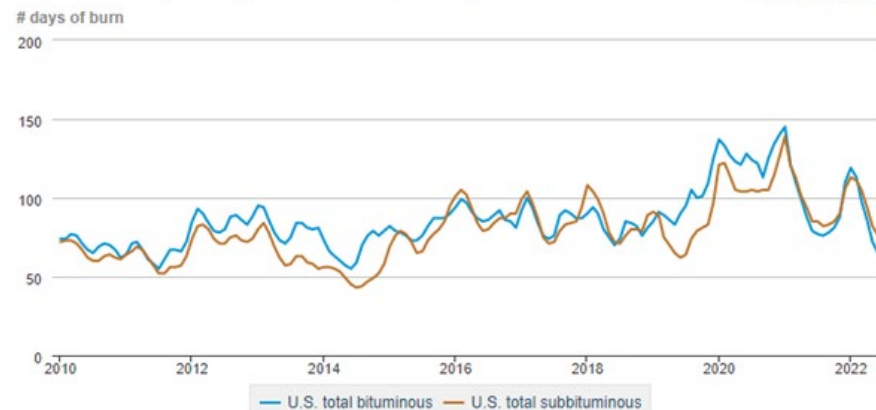
- 2021**
- 10 EEA-3 Alerts
 - 1,015 GWh unserved energy
 - Occurred February

- Current state of domestic and global affairs warrant early attention to generator fuel supplies, including natural gas, fuel oil, and coal.
 - Adequate capacity; Energy levels concerning under prolonged and extreme cold weather for:
 - MISO, Maritimes, Quebec, SERC-E, SPP, ERCOT, and WECC-AB
 - Low fuel storage levels
 - Range of potential fuel resupply challenges
 - Rail-workers strike risk subsiding
 - Future shipping availability by rail is uncertain as bottlenecks from summer months persist
 - LNG critical for New England

- Coal fleet inventories have decreased to 65 days of bituminous supply, on average.
- Some plants have reported as low as 15 days of supply.
- Natural Gas storage inventory on lower-side of 5-year range
- Extreme/prolonged cold weather impacts to gas operations (production and transportation)

Days of burn by non-lignite coal rank, January 2010 - June 2022

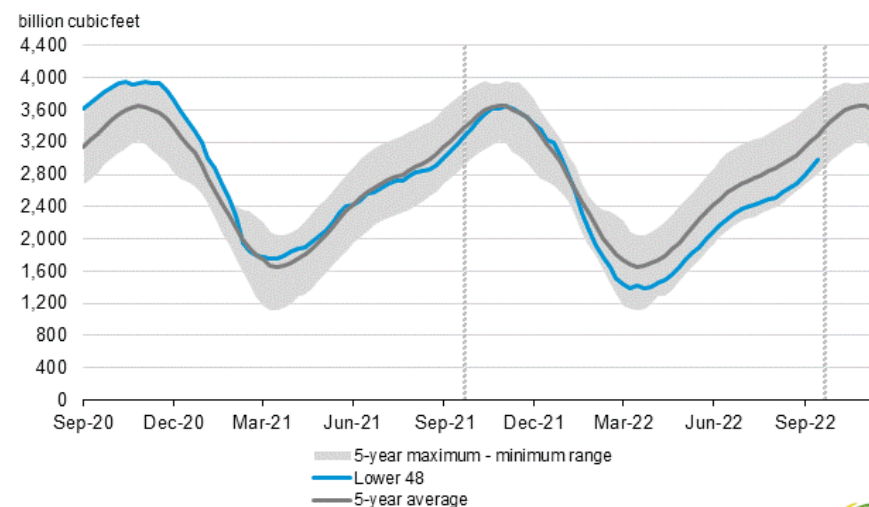
DOWNLOAD



Source: U.S. Energy Information Administration

**Updated Data Expected:
October 25**

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

- **All Stakeholders** -- Implement the mitigations identified in the *NERC Level 2 Alert— Cold Weather Preparations for Extreme Weather Events*—and take recommended weatherization steps prior to winter.
- **Generators** – Early action on assuring fuel and availability, fill oil tanks
- **Reliability Coordinators and Balancing Authorities** -- Monitor the adequacy of fuel supplies
- **State regulators and policy makers** – Preserve critical generation resources at risk of retirement prior to the winter season. Support requests for environmental and transportation waivers.
 - **New England:** Possible request of Jones Act waiver, activation of military to support fuel supply deliveries.



Questions and Answers