

Agenda

Board of Trustees

August 15, 2024 | 11:00 a.m.- 2:00 p.m. Pacific

In-Person

Hyatt Regency Vancouver
655 Burrard St.
Vancouver, BC V6C 2R7, Canada
Conference Room: Regency A/B/C

Virtual Attendees

Webcast Link: [Join Meeting](#)

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NERC Board of Trustees

Kenneth W. DeFontes, Jr. - Chair
Suzanne Keenan – Vice Chair and Chair Elect
Colleen Sidford
Larry Irving
George S. Hawkins
Robin E. Manning
Jim Piro
Jane Allen
Robert G. Clarke
Susan Kelly
Kristine Schmidt
James B. Robb – President and Chief Executive Officer

Call to Order

Introduction and Chair's Remarks

[NERC Antitrust Compliance Guidelines](#)

Consent Agenda

- 1. Minutes – Approve**
 - a. May 9, 2024 Open Meeting*
- 2. Committee Membership and Charter Amendments***
 - a. Personnel Certification Governance Committee

- b. Reliability and Security Technical Committee

3. Governance Documents Amendments*

- a. CCCPP-001-4, Monitoring Program for NERC's Adherence to NERC's Rules of Procedures for Compliance Enforcement
- b. CCCPP-003-3, Monitoring Program for NERC's Reliability Standards Development Program
- c. CCCPP-007-4, NERC's Adherence to NERC's Rules of Procedure for Registration and Certification
- d. CCCPP-013-4, Procedure for the Selection of Members to NERC Compliance and Certification Committee
- e. Proposed NERC Bylaws Amendments
- f. Proposed SERC Bylaws Amendments
- g. Revisions to Appendix 4E of the NERC Rules of Procedure

Regular Agenda

4. Remarks and Reports

- a. Remarks by Francis Bradley, President and CEO, Electricity Canada
- b. Remarks by Chris O'Riley, President and CEO, BC Hydro
- c. Remarks by Patricia Hoffman, Principal Deputy Assistant Secretary for the Office of Electricity, DOE
- d. Remarks by Derek Olmstead, Administrator and CEO Alberta MSA, CAMPUT Representative
- e. President's Report
- f. Report on August 13 and 15, 2024 Closed Meetings

5. Board Committee Reports

- a. Corporate Governance and Human Resources
- b. Finance and Audit
 - i. Second Quarter Statement of Activities – **Accept**
 - ii. NERC, Regional Entity, and WIRAB Proposed 2025 Business Plans and Budgets and Associated Assessments – **Approve**
- c. Regulatory Oversight
 - i. Recommendation on Standards Actions – **Approve**
- d. Enterprise-wide Risk
- e. Technology and Security
- f. Nominating

6. Semi-Annual Standing Committee Reports to Board*

- a. Personnel Certification Governance Committee
- b. Compliance and Certification Committee
- c. Reliability and Security Technical Committee
- d. Reliability Issues Steering Committee
- e. Standards Committee

BREAK – 15 MINS

7. Other Matters and Reports

- a. Input Letter and Member Representatives Committee Meeting
- b. Semi-annual Review of the Achievements of the NERC Work Plan Priorities* – **Update**
- c. Engagement with MRC Sectors* – **Update**
- d. North American Energy Standards Board Report
- e. North American Transmission Forum Report*
- f. North American Generator Forum Report

8. Other Matters and Adjournment

*Background materials included.

Draft Minutes Board of Trustees

May 9, 2024 | 9:00 – 10:30 a.m. Eastern

Hybrid Meeting

NERC DC Office
1401 H Street NW, Suite 410
Washington, D.C. 20005

Call to Order

Mr. Kenneth W. DeFontes, Jr., Chair, called to order the duly noticed open meeting of the Board of Trustees (the Board) of the North American Electric Reliability Corporation (NERC or the Corporation) on May 9, 2024, at 9:00 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

Board Members

Kenneth W. DeFontes, Jr., Chair
Suzanne Keenan, Vice Chair and Chair Elect
Jane Allen
Robert G. Clarke
George S. Hawkins
Larry Irving
Susan Kelly
Robin E. Manning
Jim Piro
James B. Robb, President and Chief Executive Officer
Kristine Schmidt
Colleen Sidford

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Kelly Hanson, Senior Vice President and Chief Operating Officer
Soo Jin Kim, Vice President, Engineering and Standards
Mark G. Lauby, Senior Vice President and Chief Engineer
Lauren Perotti, Assistant General Counsel
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary
Camilo Serna, Senior Vice President, Strategy and External Engagement

NERC Antitrust Compliance Guidelines

Ms. Buzzard directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance agenda package and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Rocha.

Introduction and Chair's Remarks

Mr. DeFontes welcomed the attendees to the meeting, including Federal Energy Regulatory Commission (FERC) Commissioner Mark Christie, FERC Commissioner Allison Clements, Ms. Patricia Hoffman of the Department of Energy, and Mr. Derek Olmstead, CAMPUT Representative to NERC. He noted that he, Trustees Allen and Sidford, Mr. Robb, and other NERC leadership had a successful meeting with Canadian regulators in Calgary the previous weekend.

Consent Agenda

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

Minutes

The draft minutes for the February 22, 2024 and February 15, 2024 meetings were approved as presented to the Board at this meeting.

Committee Membership

Reliability Issues Steering Committee Membership

RESOLVED, that the Board hereby appoints Morenike Miles, Dominion Energy, as Vice Chair of the Reliability Issues Steering Committee for a two-year term ending January 31, 2026.

Reliability and Security Technical Committee Membership

RESOLVED, that the Board hereby appoints Todd Lucas, Southern Company, to the Reliability and Security Technical Committee, to complete a term as representative for Sector 1: Investor-owned Utility ending January 31, 2025.

Regular Agenda

Remarks by Mark Christie, Commissioner, FERC

Mr. Robb introduced Commissioner Christie of FERC, attending virtually. Commissioner Christie remarked on the importance of telling the truth when it comes to the reliability challenges facing the grid; in particular, the need to balance increasing loads with a decreasing supply of dispatchable resources. Commissioner Christie encouraged NERC to continue communicating its reliability message.

Remarks by Allison Clements, Commissioner, FERC

Mr. Robb introduced Commissioner Clements of FERC. Commissioner Clements remarked on the need to continue to evolve the system to address the reliability challenges at hand, and she discussed efforts at the Commission to address these challenges. Commissioner Clements remarked on how modest investments in grid enhancing technology can extract more capacity from existing transmission infrastructure, while efforts underway at the Commission are intended to improve how future transmission investments are made. She also remarked on the Commission's recent reform of interconnection procedures.

Remarks by Patricia Hoffman, Principal Deputy Assistant Secretary, Office of Electricity, DOE

Mr. DeFontes introduced Ms. Hoffman of the Department of Energy. In her remarks on DOE activities, Ms. Hoffman highlighted DOE's program for investing in transmission and recent developments in that program. She concluded by remarking on the importance of keeping up with the pace of change on the system.

Remarks by Derek Olmstead, President and CEO Alberta MSA, CAMPUT Representative

Mr. DeFontes introduced Mr. Olmstead, CAMPUT Representative to NERC. Mr. Olmstead remarked on the recent meeting of NERC trustees and management with Canadian energy regulators, with plans to continue engagement at future CAMPUT meetings.

President's Report

Mr. Robb provided the president's report. He remarked on NERC's efforts to ensure it has the capabilities and resources in place to evolve at the same rapid pace facing the grid, including optimizing its current resources, outsourcing as possible, and hiring as needed. Mr. Robb discussed recent developments and realignments on the executive team. He reported that Manny Cancel and Stan Hoptroff announced plans to retire in 2025, and that NERC has retained an executive search firm to manage the search for their successors. Mr. Robb announced that Camilo Serna joined NERC May 1 as Senior Vice President, Strategy and External Engagement. He also reported that Kelly Hanson's title is now Senior Vice President and Chief Operating Officer to better reflect her role, Sonia Rocha's role has changed to allow her to concentrate more wholly on traditional general counsel roles such as corporate governance and business assurance initiatives, and Howard Gugel will now oversee Enforcement duties as Vice President, Regulatory Oversight, reporting directly to the CEO.

Mr. Robb then introduced Mr. Jim Albright, President and CEO of Texas RE and co-chair of the ERO Executive Group. Mr. Albright remarked on how the dynamics of the transforming grid were playing out on the Texas grid the previous day, underscoring the importance of the ERO's work in assuring reliability. He reported that the Regional Entities are in the process of preparing their 2025 business plans and budgets and continuing work on alignment initiatives. Mr. Albright also reported on efforts to optimize the Align system.

Report on the May 7 and May 9, 2024 Closed Meetings

Mr. DeFontes reported that on May 7, 2024 and May 9, 2024 (as is its custom), the Board met in closed session with NERC management to review NERC management activities. On May 7, the Board discussed matters reviewed during the closed session with the MRC, including the ERO Enterprise Long-Term Strategy and themes and action items, reviewed matters for this meeting, and received updates on the communications 2024 work plan priorities. The Board also discussed the results of the annual Board evaluation survey. On May 9, the Board met in executive sessions with the General Counsel and the CEO, and with the General Counsel separately, to discuss confidential matters. The Board also adjourned into executive session without management to review management activities.

Mr. DeFontes reported that the Board has carefully considered the evaluation survey feedback. He noted the Board will be looking for opportunities to conduct more discussions in open sessions and to address concerns regarding stakeholder engagement, and additional time will be allowed for comment on the next draft of the ERO Long-Term Strategy. He also remarked on NERC's succession planning efforts.

Board Committee Reports

Corporate Governance and Human Resources

Mr. Hawkins, Committee Chair, reported on recent Committee meetings. At the May 7, 2024 closed meeting, the Committee reviewed the Board Committee and Board of Trustees annual evaluation results and discussed themes and action items for consideration. The Committee will further review the evaluation results and submit any recommendations for Committee mandate revisions for consideration at the August 2024 meeting. He also reported the Committee met in executive session with the CEO and the Vice President, People and Culture to discuss HR

matters, including succession planning and talent management, and without staff to discuss other confidential matters.

At the May 8, 2024 open meeting, the Committee received a high-level summary of the Board's annual evaluation results summarizing the Member Representatives Committee and Board feedback in the areas of Board engagement, oversight, skills and structure, management, and overall feedback. The Committee also received a people and culture update, which included some of the material presented at the previous days' closed meeting in acknowledgment of the evaluation feedback to conduct more discussions in open session.

Regulatory Oversight

Mr. Manning, Committee Chair, reported on recent Committee meetings. At the May 7, 2024 executive session, the Committee reviewed the Committee self-evaluation results, which indicated positive feedback for the previous restructuring of the Committee. The Committee also received an update on the development of Reliability Standards to address Inverter-Based Resources. Mr. Manning reported the Committee then adjourned into executive session to discuss confidential matters. At the May 8, 2024 open meeting, the Committee received updates on inverter-based resources matters, the recent ERO Enterprise Compliance Monitoring and Enforcement Program ("CMEP") workshop, and the CMEP and Organization Registration and Certification Program indicators.

Finance and Audit

Ms. Sidford, Committee Chair, reported on recent meetings of the Committee. At the May 7, 2024 closed meeting, the Committee reviewed the Committee annual evaluation results, received updates on a collection matter and internal audit activities, reviewed the 2023 financial statement audit results, and met in executive session with NERC's external auditor. The Committee was pleased to report that no negative findings resulted from the audit. The Committee also approved NERC's Reserve Investment Strategy. The Committee then adjourned into executive session with internal audit and in executive session with members-only to discuss confidential matters.

Ms. Sidford reported that, at its May 8, 2024 open meeting, the Committee received an update on the 2025 business plan and budget process. The Committee also reviewed and recommended for Board acceptance the 2023 audited financial statements. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee ("FAC"), hereby accepts the 2023 Audited Financial Statements, as presented to the Board at this meeting.

Ms. Sidford further reported that the Committee reviewed and recommended for Board acceptance the first quarter 2024 unaudited summary of results. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the Finance and Audit Committee ("FAC"), hereby accepts the First Quarter 2024 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Statement of Activities, as presented to the Board at this meeting.

Enterprise-wide Risk

Mr. Piro, Committee Chair, reported on the Committee's closed meeting on May 7, 2024. At its meeting, the Committee reviewed the 2023 Committee self-evaluation results. The Committee received an update from enterprise risk management, including a preview of the 2024 NERC Risk Registry and Emerging Risks and a detailed review of two top risks: ensuring effective governmental outreach on reliability matters and IT Cybersecurity/data protection. The Committee also received updates on the corporate compliance work plan and internal audit matters. The Committee concluded in executive session to discuss confidential matters.

Technology and Security

Ms. Allen, Committee Chair, reported on the May 8, 2024 open meeting of the Committee. At this meeting, the Committee received updates on E-ISAC operations and the ERO Enterprise Business Technology Strategy. The Committee will meet on May 9, 2024 in closed session to discuss the 2023 Committee annual evaluation results and receive updates on cyber security posture and opportunities to enhance the current meeting experience.

Nominating

Mr. Irving, Committee Chair, reported that the Committee determined that Mr. DeFontes, Ms. Sidford, and Ms. Allen are eligible and interested in standing for re-election. He reported that the Committee will conduct a search in 2024 for a new trustee to replace Mr. Clarke, who is ineligible for reelection.

Standards Quarterly Report and Actions

Project 2016-02 Modifications to CIP Standards

Ms. Kim presented the proposed revisions to the CIP Reliability Standards and definitions of terms included in the *Glossary of Terms used in NERC Reliability Standards* developed through Project 2016-02 Modifications to CIP Standards. She noted that the proposed standards would enable the secure use of virtualized technologies for BES Cyber Systems, make other clarifications and minor revisions, and impart a degree of “future proofing” to respond to the fast pace of change in technology. Upon motion duly made and seconded, the Board approved the following resolutions:

Proposed Reliability Standard CIP-002-7

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-002-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-002-5.1a, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-003-10

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-003-10, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-003-9, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-004-8

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-004-8, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-004-7, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-005-8

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-005-8, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-005-7, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-006-7

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-006-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-006-6, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-007-7

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-007-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-007-6, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-008-7

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-008-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-008-6, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-009-7

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-009-7, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-009-6, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-010-5

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-010-5, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-010-4, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-011-4

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-011-4, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-011-3, as presented to the Board at this meeting.

Proposed Reliability Standard CIP-013-3

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-013-3, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-013-2, as presented to the Board at this meeting.

Definitions for inclusion in the Glossary of Terms used in NERC Reliability Standards

RESOLVED, that the Board hereby adopts the definitions of BES Cyber Asset (BCA), BES Cyber System (BCS), BES Cyber System Information (BCSI), CIP Senior Manager, Cyber Assets, Cyber Security Incident, Cyber System, Electronic Access Control or Monitoring System (EACMS), Electronic Access Point (EAP), External Routable Connectivity (ERC), Electronic Security Perimeter (ESP), Interactive Remote Access (IRA), Intermediate System, Management Interface, Physical Access Control System (PACS), Physical Security Perimeter (PSP), Protected Cyber Asset (PCA), Removable Media, Reportable Cyber Security Incident, Shared Cyber Infrastructure (SCI), Transient Cyber Asset (TCA), and Virtual Cyber Asset (VCA), as presented to the Board at this meeting.

Implementation Plan for Project 2016-02

RESOLVED, that the Board hereby approves the associated implementation plan for the above-listed standards and definitions, as presented to the Board at this meeting.

Authorization and Further Action

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Regional Reliability Standards FAC-501-WECC-4 Transmission Maintenance

Ms. Kim presented proposed regional Reliability Standard FAC-501-WECC-4 Transmission Maintenance. She explained that the proposed regional standard would improve upon the currently effective standard by improving and expediting the process for making changes to the list of WECC transmission paths that are subject to more stringent maintenance requirements. Other changes would clarify and improve the readability of the regional standard. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby adopts the proposed regional Reliability Standard FAC-501-WECC-4, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed Major WECC Transfer Paths in the Bulk Electric System (Table)– Path List Revision Process, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed regional Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan for the proposed regional Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the proposed retirement of regional Reliability Standard FAC-501-WECC-2, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Project 2023-03 Internal Network Security Monitoring (INSM)

Ms. Kim presented proposed Reliability Standard CIP-015-1–Cyber Security–Internal Network Security Monitoring, noting that NERC developed the proposed standard to address the FERC directives from Order No. 887 issued January 2023. Ms. Kim stated the proposed standard would enhance reliability by requiring all high impact BES Cyber Systems and medium impact BES Cyber Systems with External Routable Connectivity to have internal network security monitoring in place to ensure the detection of anomalous network activity. This monitoring would indicate when an attack is in progress, increase the probability of early detection, and allow for quicker mitigation and recovery from attack. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-015-1, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that the Board hereby approves the associated implementation plan for the proposed Reliability Standard, as presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Other Matters and Reports

Input Letter and Member Representatives Committee Meeting

Mr. DeFontes led a discussion of the previous days' Member Representatives Committee meeting. Trustees remarked on the quality of presentations the previous day and thanked stakeholders and NERC staff for their contributions.

Other Matters and Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sônia Rocha
Corporate Secretary

Personnel Certification Governance Committee (PCGC) Membership

Action

Approve

Background

The PCGC is seeking approval from the Board of Trustees to renew the following memberships. All PCGC members are NERC Certified System Operators (NCSO).

Summary

The current two-year terms of these PCGC members are set to end on December 31, 2024. The members are formally requesting a renewal for an additional two-year term, which would expire on December 31, 2026:

- **Cory Danson, Western Area Power Administration's (WAPA)**, PCGC Chair is currently Vice President and Power Operations Manager for WAPA Sierra Nevada Region located in Folsom, CA. Mr. Danson has been with WAPA for 15+ years and has 29 years in the electrical utility industry. Mr. Danson has served in several roles at WAPA, both in System Operations and Substation Maintenance and Construction. Mr. Danson has extensive experience in real-time operations, including hydroelectric power plant operations, Bulk Electric System (BES) transmission operations, and balancing authority operations. He has maintained the Reliability Coordinator (RC) NCSO certification since 2008.
- **Mark Thomas, Entergy** has worked for Entergy since 2001 and is currently a Senior Engineer in the Power Delivery Reliability Control Center Organization. Mr. Thomas has been an NCSO since 2001. Previous experience includes NERC/CIP Compliance, Transmission Operator Training, Real-Time Operations Management, Transmission Operations Engineering Support, and System Operator.
- **Steve Rainwater, Electric Reliability Council of Texas (ERCOT)** is Supervisor of Operations Training at ERCOT and has been a PCGC member since 2021. He serves as chair of the Exam Development and Delivery Task Force as well as a member of the Policy Oversight Task Force. Employed by ERCOT beginning in 2019, Mr. Rainwater oversees the development and delivery of training to ERCOT's real-time operating personnel. He also serves as Chair of the ERCOT Operator Certification Task Force which provides oversight on the ERCOT system operator certification exam and reports to the ERCOT Operations Training Working Group.
- **Marty Sas, SERC Reliability Corporation (SERC)** is Principal Engineer, Reliability Assessment and Performance Analysis (RAPA) & Technical Services at SERC. He has been with SERC for 5 years and has been working in the BES industry for 21 years. The primary focus of his current role is to be the liaison to the Reliability Risk Working Group (RRWG), Reliability Coordinator Working Group (RCWG), System Operator Working Group (SOWG), along with assisting the RAPA and other departments at SERC in the coordination and assessment of the bulk power system, to assure effective and efficient reduction of risks to the reliability and security of the BES.

- **Mario Kiresich, Southern California Edison (SCE)** is Senior Manager of SCE's Grid Control Compliance and Training organization and is responsible for SCE Grid Operations transmission operator compliance and training and operations documentation programs. Mr. Kiresich has 23 years at SCE in customer service and maintenance and operations. Mr. Kiresich is a member of the North American Transmission Forum (NATF) Operator Training, System Operations, Operations Tools and Human Performance (HP) CAP/OE Practice groups.

Reliability and Security Technical Committee (RSTC) Membership

Action

Approve

Summary

The RSTC Nominating Subcommittee (NS) met to deliberate on nominations received during the May 6-20, 2024, special at-large nomination period. After much consideration and debate, the NS selected Cezar Panait (see attached nomination form) as the nominee for appointment to the Reliability and Security Technical Committee (RSTC). This at-large vacancy came about when Greg Stone (Duke Energy, Sector 1) resigned from the RSTC and Todd Lucas (former at-large member, current Sector 1 member) resigned his at-large seat and was elected to replace Greg as the Sector 1 representative. This opened up an at-large seat with a term expiry of January 31, 2025. Cezar previously served on the RSTC as a Sector 12 representative (2020-2024) and previously served on the Planning Committee. The RSTC NS is seeking appointment of Cezar to the RSTC by the Board of Trustees.

Cesar has been a licensed Professional Electrical Engineer in Minnesota since 2004 (PE license# 43526). He served on NERC's Planning Committee from February 2016 until March 2020 and later served on the RSTC until December 2023. Cesar has been a Regulatory Engineer for the Minnesota Public Utilities Commission since January 2013. Previously, he worked as a Senior Specialist Engineer for 6 years for NWA/Delta, assigned to the Airbus A330 international fleet, working on aircraft navigation, communications, power distribution, and fuel supply systems. Before NWA, he worked for 8 years for the state government in Minnesota, focusing on the design and construction of Minnesota's first light rail transit system, MNDOT's Traffic Engineering, and the state 800 MHz Digital Radio System, and 2 years in Orlando, Florida, with the Florida's Turnpike Enterprise. In his current position with the Minnesota Public Utilities Commission, he provides professional engineering and technical analysis and expertise on energy utility facilities planning and permitting, and other energy-related matters, to facilitate the Commission's informed decision-making and safeguard Minnesota's interests in national and regional forums.

NERC Compliance and Certification Committee Procedures

Action

Approve

Background

On January 25, 2024, the Compliance and Certification Committee (CCC) approved revisions to two procedures: CCCPP-013-4–CCC Procedure for the Selection of Members to the NERC Compliance and Certification Committee and CCCPP-001-4–Monitoring Program for NERC’s Adherence to NERC’s Rules of Procedure. Additionally, the CCC approved to retire two procedures that were consolidated into CCCPP-001-4: CCCPP-003-3–Monitoring Program for NERC’s Reliability Standards Development Procedure and CCCPP-007-4 – Monitoring Program for NERC’s Adherence to NERC’s Rules of Procedure for Registration and Certification, upon approval of CCCPP-001-4.

Summary

CCCPP-013-4

This procedure governs how the CCC runs its member selection. The revisions include removing the obligation for NERC to post nomination forms and replacing it with an obligation to post a summary of the nominations on the public site and the full nomination material to the CCC extranet. The revisions also include clarifications regarding Sector 12 representatives not required to be a NERC member and the deletion of language for the Nominating Subcommittee to report member engagement concerns to the CCC Chair as member expectations is outlined within CCCPP-013.

CCCPP-001, CCCPP-003 and CCCPP-007

These procedures govern the CCC’s monitoring of NERC’s adherence to the Rules of Procedures for the Compliance Monitoring and Enforcement Program, the Organization Registration and Certification Program, and Rules of Procedures provisions related to standards development. The revisions include the consolidation of CCCPP-003 and CCCPP-007 into CCCPP-001 due to similarities between the three procedures. In addition, the CCC revised the following:

- Clarified that observers on audits must be CCC voting members;
- Removal of sections to conform with other CCC procedures (Preface, Executive Summary, Terms, and Annual Work Plan);
- Audit-related terminology updated to align with NERC Internal Audit’s terminology (e.g., “mitigation plan” was replaced with “management action plan,” etc.);
- Clarified responsibilities (such as reporting to the NERC Board of Trustees); and
- Clarified what to do with complaints that are unrelated to the CCC’s scope.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Monitoring Program for NERC's Adherence to NERC's Rules of Procedure

CCC Monitoring Program – CCCPP-001-4

January 25, 2024

RELIABILITY | RESILIENCE | SECURITY



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Introduction

In the capacity of a NERC Board-appointed stakeholder committee serving and reporting directly to the Board under a NERC board-approved charter¹, as approved by FERC², and as set forth in the Rules of Procedures (ROP), the CCC will engage with, support, and advise the NERC Board and NERC regarding the NERC Compliance Monitoring and Enforcement Program (CMEP), Organization Registration and Certification Program (ORCP), and the Reliability Standards Development program.

The CCC is responsible for monitoring NERC's compliance with its ROP for the Reliability Standards development, Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs in accordance with Section 405 and 506 of the NERC ROP. This document describes the program and associated processes to be utilized by the CCC in carrying out this responsibility.

The CCC monitors NERC's adherence to the ROP consistent with the following:

- Sections 402 and 405 of the ROP for Compliance Monitoring and Enforcement, including but not limited to the uniform CMEP (Appendix 4C), the Sanction Guidelines (Appendix 4B), as well as the establishment of criteria for use in annual evaluations of the Regional Entity CMEP implementation.
- Section 506 of the ROP for Organization Registration and Certification, including but not limited to the Organization Registration and Certification Manual (Appendix 5A).
- Section 300 of the ROP regarding the Reliability Standards Development process except for appeals of substantive or procedural action or inaction associated with a Reliability Standard or the Reliability Standards process as defined in the appeals section of the Reliability Standards Development Procedure. Committee members who have participated in the development process for a Reliability Standard shall not participate in the Committee's monitoring of that process.

¹ <http://www.nerc.com/comm/CCC/Documents/CCC%20Charter%20Approved%20RR15-11-000.pdf>

² http://www.nerc.com/files/Order_on_Comp_Filing_06.07.2007_CCC_VSL_Order.pdf

Chapter 1: Monitoring Processes

The CCC will monitor and assess NERC's adherence to its ROP for Compliance Monitoring and Enforcement Program, Organization Registration and Certification, and Reliability Standards Development using the processes described below to collect information and make assessments.

Audits

The CCC will work with the NERC Board's EWRC and NERC Internal Audit to perform independent audits of NERC's adherence to the CMEP, ORCP, and Reliability Standards development program under the ROP. The CCC will participate as observers in these audits. All audits will be conducted consistent with auditing standards applicable to and/or adopted by the Internal Audit function.

Audit Steps

The audit team will include NERC Internal Audit staff and assigned CCC observers; and may include an external auditing contractor to be approved as necessary by the Board pursuant to Section 406 or 506 of the ROP.

The CCC will:

- Collaborate with NERC Internal Audit and the EWRC to schedule independent led audits of the NERC CMEP, ORCP, or Reliability Standards Development program.
- Participate, along with the NERC Director of Internal Audit, in the selection of the external auditing contractor, if applicable.

The CCC observers must:

- Be CCC voting members with an executed Non-Disclosure Agreement;
- Identify any applicable conflicts of interest (COI) and will be subject to NERC COI procedures in place at the time of the audit, which includes the ability of NERC to request replacement of an observer who has a COI;
- Complete the NERC Auditor Training Internal Audit learning program;
- Abide by the observer guidelines provided by NERC Internal Audit;
- Participate in audit activities, including, but not limited to, audit planning and observing interviews with NERC personnel;
- Provide questions, comments, and advice to the auditors during the course of the audit;
- Review the audit report prior to being finalized.

Frequency of Audits

Audits of NERC will be conducted at least every three (3) years. Additionally, an unscheduled audit of NERC may be initiated by the CCC, in consultation with the EWRC and NERC Internal Audit, if reasonably determined to be necessary to determine NERC's adherence to the ROP for CMEP, ORCP, or the Reliability Standards Development program.

Scope of Audits

An audit will include one of the following:

- Elements, including and not limited to a risk-based approach related to CMEP selected by NERC Internal audit, the CCC, and auditing contractors, if any;
- Elements, including and not limited to a risk-based approach related to the Reliability Standards Development program selected by NERC Internal Audit, the CCC, and auditing contractors, if any; or

- Elements, including and not limited to a risk-based approach related to NERC's Organization Registration and Certification programs selected by NERC Internal Audit, the CCC, and auditing contractors, if any.

Audit Reports

The audit team will develop a draft audit report that will include a description of the objective, scope, and conclusions of the audit; identify any opportunities related to processes, controls and/or compliance; and identify the nature of any confidential information to be redacted. The draft audit report may contain other recommendations of the audit team related to the opportunities that require corrective action.

The draft audit report will be provided to NERC, which will in turn provide the audit team with comments and descriptions of Management Action Plans (MAPs) for addressing any opportunities that require corrective action for inclusion in the final audit report. If NERC disputes any opportunities, NERC will work with Internal Audit to resolve such disputes in accordance with audit reporting standards.

The audit team will consider comments provided by NERC and develop a final audit report that includes any MAP provided by NERC. NERC Internal Audit provides the final audit report to the NERC Board through the EWRC.

Self-Certifications

NERC will certify its adherence to the ROP for CMEP, ORCP, or the Reliability Standards Development program with respect to a subset of performance items selected by the CCC on a periodic basis. Such Self-Certifications will be achieved through reports to the CCC by a NERC officer or equivalent responsible for ensuring adherence to the ROP for CMEP, ORCP, or the Reliability Standards Development program. Results of Self-Certifications will be communicated to the NERC Board through the EWRC.

Spot Checks

The CCC, in consultation with the EWRC and NERC Internal Audit, may from time to time request NERC to provide information to assess whether NERC adheres to the ROP for CMEP, ORCP, or the Reliability Standards Development program. A review of this information will be conducted in a manner like an audit. A Spot Check may also be initiated in response to events or a Complaint. Results of a Spot Check may be documented in a Spot Check report (i.e. general memorandum) and reported by the CCC Chair to the NERC Board through the EWRC.

Self-Reports

NERC is encouraged to self-report to the CCC at the time NERC becomes aware of (1) any NERC non-adherence to the ROP for CMEP, ORCP, or the Reliability Standards Development program, or (2) a change in a previously identified opportunity that requires corrective action. The CCC Chair will notify NERC Internal Audit to collaboratively review self-reported items. Results of a Self-Report reviews will be documented and reported by the CCC Chair communicated to the Board through the EWRC.

Complaints

The CCC may receive complaints alleging NERC non-adherence to the ROP for CMEP, ORCP, or the Reliability Standards Development program. The CCC Chair and the head of NERC Internal Audit both receive all submitted complaints. The CCC Chair is responsible for contacting the head of NERC Internal Audit to collaboratively review complaints and receive advisory input and assistance in determining a course of action. If the complaint provides sufficient basis to warrant further action, the CCC Chair and the head of NERC Internal Audit will inform NERC's General Counsel of the complaint and agreed upon course of action. If the complaint is about NERC Internal Audit, NERC's Board of Trustees or its Members, the CCC Chair is responsible for informing NERC's CEO and/or General Counsel.

The CCC Chair may notify the CCC Executive Committee (CCCEC) and EWRC regarding a complaint and related course of action. A summary of all complaints and their dispositions will be reported to the CCCEC and EWRC no less than annually to inform and facilitate their oversight responsibilities. The CCC Chair is responsible for documenting the course of action.

For complaints that are unrelated to adherence to the ROP for CMEP, ORCP, or the Reliability Standards Development program, the CCC Chair and the head of NERC Internal Audit shall discuss and determine the course of action. If the issue is forwarded to another individual or department with the ERO Enterprise, that shall be documented. No follow-up by the CCC Chair is required.

All complaints will be reviewed and resolved in a manner to protect against public disclosure of the complainant's identity.

Chapter 2: Management Action Plans

NERC will develop a corresponding Management Action Plan (MAP) for any finding of a non-adherence to the ROP, or any opportunity for improvement identified in accordance with ROP Section 506, identified as a result of an audit, self-certification, self-report, or spot check.

Contents of a Management Action Plan (MAP)

A Management Action Plan (MAP) should include the following information:

- NERC's MAP to correct the non-adherence/opportunity for improvement;
- NERC's MAP to prevent recurrence of the non-adherence;
- A timetable for completion of the MAP;
- An assigned business owner responsible for implementing the MAP; and
- Any other information deemed necessary or appropriate.

Timetable for Completion of a Management Action Plan (MAP)

A Management Action Plan (MAP) should be completed in time to have a reasonable potential to correct the issue prior to the next applicable reporting/assessment period after occurrence of the issue for which the MAP is provided. In all cases, the MAP should be completed without delay. NERC Internal Audit will keep the CCC informed of the status of MAP activities and will notify the CCC when a MAP has been completed.

Chapter 3: Data Retention and Confidentiality

Records Retention

CCC members, including those serving as audit observers, will not maintain or retain any records associated with the activities outlined in this procedure. Upon completion of participation, each CCC observer will purge any documents and records associated with the audit as advised by NERC. NERC will remove the CCC member access to the dedicated audit workspace on the NERC Extranet upon audit completion.

Confidentiality Management

NERC and the CCC will maintain confidentiality of all information designated as such in accordance with Section 1500 of the ROP. Information deemed to be Critical Energy Infrastructure Information or Critical Electric Infrastructure Information will be redacted from materials provided to the CCC members

Chapter 4: Reporting and Disclosure

Audit

The CCC will coordinate with NERC Internal Audit to post final audit reports on its public website after the reports have been reviewed by the NERC Board. Such posting will be subject to the confidentiality provisions of Section 1500 of the ROP.

Complaint

When the CCC and the head of NERC Internal Audit determine that further action is needed regarding complaints consistent with Chapter 2, it will report such complaints to the NERC Board through the EWRC.

Management Action Plans (MAPs)

NERC Internal Audit will keep the CCC informed of the status of Management Action Plans (MAPs) and will notify the CCC when a MAP has been completed.

Other Monitoring Activity

The CCC will report to the NERC Board through the EWRC upon completion of a CCC monitoring activity described in this procedure.

Appendix A: Revision History

Date	Version Number	Comments
June 11, 2008	1.0	Approved by the Compliance and Certification Committee
August 26, 2008	1.0	Approved by the Board of Trustees
April 13, 2015	2.0	Revised by the ERO Monitoring Subcommittee (EROMS), and approved by the Compliance and Certification Committee
May 7, 2015	2.0	Approved by the Board of Trustees
June 18, 2019	3.0	Approved by the Compliance and Certification Committee
August 15, 2019	3.0	Approved by the Board of Trustees
	4.0	

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NORTH AMERICAN ELECTRIC
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Monitoring Program for NERC's Rules of Procedure for Reliability Standards Development

CCC Monitoring Program – CCCPP-003-3

August 20, 2020

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Introduction

In the capacity of a NERC Board of Trustees (Board)-appointed stakeholder committee serving and reporting directly to the Board under a NERC Board-approved charter¹, as approved by FERC², and as set forth in the ROP, the CCC will engage with, support, and advise the NERC Board and its Board of Trustees Compliance Committee (BOTCC) regarding all facets of the NERC CMEP, Registration program, and Certification program.

The CCC is responsible for establishing and implementing a program¹ as specified in Section 405 of the ROP to monitor NERC's standards development process (which, for purposes of this document, includes Section 300, and Appendices 3A, 3B, and 3D of the ROP), with the exception of appeals as defined in Section 8.0 of the Standard Processes Manual. This Procedure describes the program and associated processes to be utilized by the CCC in carrying out this responsibility.

As noted in the NERC Board-approved CCC Charter, monitoring by the CCC is ongoing and does not preclude, interfere with, or replace, in whole or in part, the Board's responsibility to conduct and provide such reviews of these programs as required by FERC regulations, 18 C.F.R. § 39.3(c): "The Electric Reliability Organization shall submit an assessment of its performance three years from the date of certification by the Commission, and every five years thereafter."

Retire

¹ Monitoring by the CCC is ongoing and does not preclude, interfere with or replace, in whole or in part, the NERC Board's responsibility to conduct and provide such reviews of these programs as required by Federal Energy Regulatory Commission (the Commission) regulations, 18 C.F.R. § 39.3.c: "The Electric Reliability Organization shall submit an assessment of its performance three years from the date of certification by the Commission, and every five years thereafter."

Chapter 1: Monitoring Processes

The CCC will monitor and assess NERC's adherence to its Reliability Standards development program under the ROP using the processes described below to collect information and make assessments. NERC Internal Audit and the CCC work together to administer the functions described below and provide reporting to the Board, BOTCC, and Enterprise-wide Risk Committee (EWRC) as appropriate.

Audits

The CCC will work with the NERC Board's EWRC and NERC Internal Audit to schedule periodic external Audits of NERC's adherence to the Reliability Standards development program under the ROP. The CCC will participate as observers in these Audits. Audits will be conducted at NERC's facility (ies) in a manner consistent with Section 403.11 of the ROP. All Audits will be conducted consistent with auditing guidelines generally accepted in North America.

Audit Steps

The Audit team will include NERC Internal Audit staff, assigned CCC observers, and the external auditing contractor to be approved by the Board pursuant to Section 506 of the ROP.

The CCC will:

- Collaborate with NERC Internal Audit and the EWRC to schedule externally led Audits of NERC's Organization Registration and Certification programs;
- participate, along with the NERC Director of Internal Audits, in the selection of the external auditing contractor;

The CCC observers must:

- Be CCC voting members;
- Identify any applicable conflicts of interest (COI) and will be subject to NERC COI procedures in place at the time of the Audit which includes the ability of NERC to request replacement of an observer who has a COI;
- Complete NERC Auditor Training;
- Execute Confidentiality Agreements;
- Participate in audit activities, including, but not limited to, audit planning and observing interviews with NERC personnel;
- Provide questions, comments, and advice to the external auditors during the course of the Audit;
- Have access to non-confidential Audit documents (as determined by NERC);
- Review the Audit report prior to being finalized.

Frequency of Audits

Audits of NERC will be conducted at least every three (3) years. Additionally, an unscheduled Audit of NERC may be initiated by the CCC, in consultation with the EWRC and NERC Internal Audit, if reasonably determined to be necessary to determine NERC's adherence with the Reliability Standards development program.

Scope of Audits

An Audit will include elements of the Reliability Standards development program selected by NERC Internal Audit, the CCC, and auditing contractors, if any.

Audit Reports

The Audit team will develop a draft Audit report that will include a description of the objective, scope, and methodology of the Audit; identify any Adverse Findings; identify any mitigation activities which have been completed or are pending; and identify the nature of any confidential information redacted. The draft Audit report may contain other recommendations of the Audit team related to the findings.

The draft Audit report will be provided to NERC which will in turn provide the Audit team with comments and descriptions of Mitigation Plans for addressing any Adverse Findings for inclusion in the final Audit report. If NERC disputes any Adverse Findings, NERC will also provide language to the Audit team addressing such concerns for inclusion in the report.

The Audit team will consider comments provided by NERC and develop a final Audit report that includes any Mitigation Plan descriptions provided by NERC, as well as any language regarding disputed Adverse Findings. NERC Internal Audit provides the final Audit report to the Board through the EWRC.

Self-Certifications

NERC will certify its adherence to the Reliability Standards development program with respect to a subset of performance items selected by the CCC on a periodic basis. Such Self-Certifications will be achieved through reports to the CCC by a NERC officer or equivalent responsible for ensuring adherence to the Standards Development Process. Results of Self-Certifications will be communicated to the Board through the EWRC. The CCC Chair will also provide the Chair of the EWRC with the full results of the Self-Certification in a separate correspondence.

Spot Checks

The CCC, in consultation with the EWRC and NERC Internal Audit, may from time to time request NERC to provide information to assess whether NERC adheres to the Standards Development Process. A review of this information will be conducted in a manner similar to an Audit. A spot check may also be initiated in response to events or a complaint. Results of a spot check will be documented in a Spot Check Report and NERC Internal Audit provides the report to the Board through the EWRC.

Self-Reports

NERC is encouraged to self-report to the CCC at the time NERC becomes aware of (1) any NERC non-adherence with the Reliability Standards Development program, or (2) a change in a previously identified Adverse Finding. The CCC Chair will notify NERC Internal Audit to collaboratively review self-reported items. Results of reviews will be documented and reported by the CCC Chair to the Board through the EWRC.

Complaints

The CCC may receive complaints alleging NERC non-adherence to the ROP for the Reliability Standards development program. The CCC Chair and the head of NERC Internal Audit both receive all submitted complaints. The CCC Chair is responsible for contacting the head of NERC Internal Audit to collaboratively review complaints and receive advisory input and assistance in determining a course of action. If the complaint provides sufficient basis to warrant further action, the CCC Chair and the head of NERC Internal Audit will inform NERC's General Counsel of the complaint and agree upon a course of action.

If the complaint is about NERC Internal Audit, NERC's Board of Trustees or its Members, the CCC Chair is responsible for informing NERC's CEO and/or General Counsel. The CCC Chair may notify the CCC Executive Committee (CCCEC) and EWRC regarding a complaint and related course of action. A summary of all complaints and their dispositions will be reported to the CCCEC and EWRC no less than annually to inform and facilitate their oversight responsibilities. The CCC Chair is responsible for documenting the course of action. All complaints will be reviewed and resolved in a manner to protect against public disclosure of the complainant's identity.

Chapter 2: Mitigation Plan

NERC will develop a corresponding Mitigation Plan for any adverse finding identified as a result of an Audit, Self-Certification, Self-Report, or Spot Check.

Contents of a Mitigation Plan

A Mitigation Plan should include the following information:

- The non-adherence to the Reliability Standards development program in the ROP that the Mitigation Plan will correct.
- The cause of the non-adherence.
- NERC's action plan to correct the non-adherence.
- NERC's action plan to prevent recurrence of the non-adherence.
- A timetable for completion of the Mitigation Plan.
- Any other information deemed necessary or appropriate.

Timetable for Completion of a Mitigation Plan

A Mitigation Plan should be completed in time to have a reasonable potential to correct the non-adherence prior to the next applicable reporting/assessment period after occurrence of the non-adherence for which the Mitigation Plan is provided. In all cases, the Mitigation Plan should be completed without delay. NERC will keep the CCC informed of the status of Mitigation Plan activities and will notify the CCC when a Mitigation Plan has been completed.

Chapter 3: Data Retention and Confidentiality

Records Management

All records associated with this program will be maintained by NERC. The associated records management policy will provide for a routine and orderly process for the retention and disposal of electronic and paper records related to this program, and ensure verification of compliance with appropriate business, regulatory, and legal requirements. The policy will allow for the maintenance of records as required to implement the CCC's monitoring of NERC's adherence to the Reliability Standards development program in the ROP.

Retention Management

NERC's records management policy will require that information and data generated or received pursuant to activities associated with this program be retained for a minimum of five (5) years. If the information or data is material to the resolution of a controversy, the retention period for such data will not commence until after the controversy is resolved.

Confidentiality Management

NERC and the CCC will maintain confidentiality of all Confidential Information in accordance with Section 1500 of the ROP. Information deemed to be critical energy infrastructure information will be redacted and will not be released publicly.

Retire

Chapter 4: Reporting and Disclosure

Audit

The CCC will coordinate with NERC Internal Audit to post final Audit reports on its public website after the reports have been reviewed by the NERC Board. Such posting will be subject to the confidentiality provisions of the ROP.

Complaint

When the CCC determines that further action is needed regarding complaints, it will report such complaints to the NERC Board through the EWRC.

Mitigation Plan

NERC will keep the CCC informed of the status of Mitigation Plan activities and will notify the CCC when a Mitigation Plan has been completed.

Retire

Revision History

Date	Version Number	Comments
June 11, 2008	1.0	Approved by the Compliance and Certification Committee
August 26, 2008		Approved by the Board of Trustees
April 13, 2015	2.0	Approved by the Compliance and Certification Committee
May 7, 2015		Approved by the Board of Trustees
June 17, 2020	3.0	Approved by the Compliance and Certification Committee
August 20, 2020		Approved by the Board of Trustees

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NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Monitoring Program for NERC's Adherence to NERC's Rules of Procedure for Registration and Certification

CCC Monitoring Program – CCCPP-007-4

August 20, 2020

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Introduction

In the capacity of a NERC Board of Trustees (Board)-appointed stakeholder committee serving and reporting directly to the Board under a NERC Board-approved charter¹, as approved by FERC², and as set forth in the ROP, the CCC will engage with, support, and advise the NERC Board of Trustees and its Board of Trustees Compliance Committee (BOTCC) regarding all facets of the NERC CMEP, Registration program, and Certification program.

The CCC is responsible for establishing and implementing a program as specified in Section 405 of the NERC Rules of Procedure (ROP) to monitor NERC's adherence to ROP for Organization Registration and Certification, including but not limited to the Organization Registration and Certification Manual (Appendix 5A); and carrying out activities as specified in Section 506 of the ROP where NERC is responsible for providing through the CCC for an Independent Audit of its Organization Registration and Certification Programs at least once every three years, or more frequently, as determined by the Board. This document describes the program and associated processes to be utilized by the CCC in carrying out this responsibility.

As noted in the NERC Board-approved CCC Charter, monitoring by the CCC is ongoing and does not preclude, interfere with, or replace, in whole or in part, the Board's responsibility to conduct and provide such reviews of these programs as required by FERC regulations, 18 C.F.R. § 39.3(c): "The Electric Reliability Organization shall submit an assessment of its performance three years from the date of certification by the Commission, and every five years thereafter."

Retired

Chapter 1: Monitoring Processes

The CCC will monitor and assess NERC's adherence to its ROP for Organization Registration and Certification using the processes described below to collect information and make assessments. NERC Internal Audit and the CCC work together to administer the functions described below and provide reporting to the Board, BOTCC, and Enterprise-wide Risk Committee (EWRC) as appropriate.

Audits

The CCC will work with the NERC Board's EWRC and NERC Internal Audit to schedule periodic external Audits of NERC's Organization Registration and Certification programs. The CCC will participate as observers in these Audits. Audits will be conducted at NERC's facility (ies) in a manner consistent with Section 403.11 of the ROP. All Audits will be conducted consistent with auditing guidelines generally accepted in North America.

Audit Steps

The Audit team will include NERC Internal Audit staff, assigned CCC observers, and the external auditing contractor to be approved by the Board pursuant to Section 506 of the ROP.

The CCC will:

- collaborate with NERC Internal Audit and the EWRC to schedule externally led Audits of NERC's Organization Registration and Certification programs;
- participate, along with the NERC Director of Internal Audits, in the selection of the external auditing contractor;

The CCC observers must:

- Be CCC voting members;
- Identify any applicable conflicts of interest (COI) and will be subject to NERC COI procedures in place at the time of the Audit which includes the ability of NERC to request replacement of an observer who has a COI;
- Complete NERC Auditor Training;
- Execute Confidentiality Agreements;
- Participate in audit activities, including, but not limited to, audit planning and observing interviews with NERC personnel;
- Provide questions, comments, and advice to the external auditors during the course of the Audit;
- Have access to non-confidential Audit documents (as determined by NERC);
- Review the Audit report prior to being finalized.

Frequency of Audits

Audits of NERC will be conducted at least every three (3) years. Additionally, an unscheduled Audit of NERC may be initiated by the CCC, in consultation with the EWRC and NERC Internal Audit, if reasonably determined to be necessary to determine NERC's adherence to the ROP for Organization Registration and Certification.

Scope of Audits

An Audit will include elements of NERC's Organization Registration and Certification programs selected by NERC Internal Audit, the CCC, and auditing contractors, if any.

Audit Reports

The Audit team will develop a draft Audit report that will include a description of the objective, scope, and methodology of the Audit; identify any Adverse Findings; identify any mitigation activities which have been completed or pending in the year of the Audit; and identify the nature of any confidential information redacted. The draft Audit report may contain other recommendations of the Audit team related to the findings.

The draft Audit report will be provided to NERC which will in turn provide the Audit team with comments and descriptions of Mitigation Plans for addressing any Adverse Findings for inclusion in the final Audit report. If NERC disputes any Adverse Findings, NERC will also provide language to the Audit team addressing such concerns for inclusion in the report.

The Audit team will consider comments provided by NERC and develop a final Audit report that includes any Mitigation Plan descriptions provided by NERC as well as any language regarding disputed Adverse Findings. The Audit team will then provide the final Audit report to the Board through the EWRC.

Self-Certifications

NERC will certify its adherence to the ROP for Organization Registration and Certification with respect to a subset of performance items selected by the CCC on a periodic basis. Such Self-Certifications will be achieved through reports to the CCC by a NERC officer or equivalent responsible for ensuring adherence to the ROP for Organization Registration and Certification. Results of Self-Certifications will be communicated to the Board through the EWRC. The CCC Chair will also provide the Chair of the EWRC with the full results of the Self-Certification in a separate correspondence.

Spot Checks

The CCC, in consultation with the EWRC and NERC Internal Audit, may from time to time request NERC to provide information to assess whether NERC adheres to the ROP for Organization Registration and Certification. A review of this information will be conducted in a manner similar to an Audit. A Spot Check may also be initiated in response to events or a Complaint. Results of a spot check will be documented in a Spot Check Report and NERC Internal Audit provides the report to the Board through the EWRC.

Self-Reports

NERC is encouraged to self-report to the CCC at the time NERC becomes aware of (1) any NERC non-adherence to the ROP for Organization Registration and Certification, or (2) a change in a previously identified Adverse Finding. The CCC Chair will notify NERC Internal Audit to collaboratively review self-reported items. Results of reviews will be documented and reported by the CCC Chair to the Board through the EWRC.

Complaints

The CCC may receive complaints alleging NERC non-adherence to the ROP for the for Organization Registration and Certification program. The CCC Chair and the head of NERC Internal Audit both receive all submitted complaints. The CCC Chair is responsible for contacting the head of NERC Internal Audit to collaboratively review complaints and receive advisory input and assistance in determining a course of action. If the complaint provides sufficient basis to warrant further action, the CCC Chair and the head of NERC Internal Audit will inform NERC's General Counsel of the complaint and agree upon a course of action.

If the complaint is about NERC Internal Audit, NERC's Board of Trustees or its Members, the CCC Chair is responsible for informing NERC's CEO and/or General Counsel. The CCC Chair may notify the CCC Executive Committee (CCCEC) and EWRC regarding a complaint and related course of action. A summary of all complaints and their dispositions will be reported to the CCCEC and EWRC no less than annually to inform and facilitate their oversight responsibilities. The CCC Chair is responsible for documenting the course of action. All complaints will be reviewed and resolved in a manner to protect against public disclosure of the complainant's identity.

Retire

Chapter 2: Mitigation Plan

NERC will develop a corresponding Mitigation Plan for any adverse finding identified as a result of an Audit, Self-Certification, Self-Report, or Spot Check.

Contents of a Mitigation Plan

A Mitigation Plan should include the following information:

- The non-adherence to the ROP for Organization Registration and Certification that the Mitigation Plan will correct.
- The cause of the non-adherence.
- NERC's action plan to correct the non-adherence.
- NERC's action plan to prevent recurrence of the non-adherence.
- A timetable for completion of the Mitigation Plan.
- Any other information deemed necessary or appropriate.

Timetable for Completion of a Mitigation Plan

A Mitigation Plan should be completed in time to have a reasonable potential to correct the non-adherence prior to the next applicable reporting/assessment period after occurrence of the non-adherence for which the Mitigation Plan is provided. In all cases, the Mitigation Plan should be completed without delay. NERC will keep the CCC informed of the status of Mitigation Plan activities, and will notify the CCC when a Mitigation Plan has been completed.

Chapter 3: Data Retention and Confidentiality

Records Management

All records associated with this program will be maintained by NERC. The associated records management policy will provide for a routine and orderly process for the retention and disposal of electronic and paper records related to this program, and ensure verification of compliance with appropriate business, regulatory, and legal requirements. The policy will allow for the maintenance of records as required to implement the CCC's monitoring of NERC's Adherence to the ROP for Organization Registration and Certification.

Retention Management

NERC's records management policy will require that information and data generated or received pursuant to activities associated with this program be retained for a minimum of five (5) years. If the information or data is material to the resolution of a controversy, the retention period for such data will not commence until after the controversy is resolved.

Confidentiality Management

NERC and the CCC will maintain confidentiality of all Confidential Information in accordance with Section 1500 of the ROP. Information deemed to be critical energy infrastructure information will be redacted and will not be released publicly.

Retired

Chapter 4: Reporting and Disclosure

Audit

The CCC will coordinate with NERC to post final Audit reports on its public website after the reports have been reviewed by the NERC Board. Such posting will be subject to the confidentiality provisions of the ROP.

Complaint

When the CCC determines that further action is needed regarding Complaints, it will report such Complaints to the NERC Board through the EWRC.

Mitigation Plan

NERC will keep the CCC informed of the status of Mitigation Plan activities, and will notify the CCC when a Mitigation Plan has been completed.

Retire

Revision History

Date	Version Number	Comments
September 18, 2008	1.0	Approved by the Compliance and Certification Committee
November 4, 2009	2.0	Approved by the Board of Trustees
April 13, 2015	3.0	Revised by the ERO Monitoring Subcommittee (EROMS), and approved by the Compliance and Certification Committee
May 7, 2015		Approved by the Board of Trustees
June 17, 2020	4.0	Approved by the Compliance and Certification Committee
August 20, 2020		Approved by the Board of Trustees

Retired

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Procedure for the Selection of Members to the NERC Compliance and Certification Committee

CCCPP-013-4

December 12, 2023

RELIABILITY | RESILIENCE | SECURITY



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Introduction

This document establishes procedures for the NERC Compliance and Certification Committee (CCC) Nominating Subcommittee for the purpose of executing its responsibilities in accordance with the CCC Charter. The procedures are intended to provide a consistent and fair approach enabling the Nominating Subcommittee to effectively execute its responsibilities.

Chapter 1: Scope

The scope of these procedures is to assist the Nominating Subcommittee with maintaining a full and active hybrid representation model consisting of the following:

- Industry sector members;
- At-large members; and
- Non-voting members.

All members must meet the minimum qualifications of the CCC, referenced in this procedure, to be recommended for NERC Board of Trustees appointment consideration as a NERC CCC member. CCC members serve at the pleasure of the Board. The Board may initiate a request for resignation, removal, or replacement of a CCC member, as it deems necessary or at the request of the CCC Chair.

It is expected that CCC voting members will be from one or more of the following categories:

- A NERC member¹;
- A registered entity²;
- A registered entity-sponsored industry/trade organization; or
- An organization that provides professional services to registered entities. If a member is selected from this category to represent a Sector seat, the individual will need to provide a sponsor for their representation from one of the other three categories.

The industry sector membership consists of two (2) representatives from the following:

- Sector 1 - Investor-Owned Utility;
- Sector 2 - State/Municipal Utility;
- Sector 3 - Cooperative Utility;
- Sector 4 - Federal or Provincial Utility/Power Marketing Administration;
- Sector 5 - Transmission-Dependent Utility;
- Sector 6 - Merchant Electricity Generator;
- Sector 7 - Electricity Marketer;
- Sector 8 - Large End-Use Electricity Customer;
- Sector 9 - Small End-Use Electricity Customer;
- Sector 10 - ISO/RTO; and
- Sector 12 - Government Representatives - U.S. State Sub-sector only.

The at-large membership consists of at least six (6) representatives and balances representation on the CCC in the following areas:

- Geographic diversity from all interconnections and ERO Enterprise Regional Entities;

¹ Not the same as NERC Compliance Registry or the Registered Ballot Body for Standards development. See active NERC membership list on the ERO Portal.

² See NERC Compliance Registry (NCR) for the NCR Active Entities List.

Chapter 1: Scope

- Organizational diversity from the various sectors in the NERC Membership;
- High-level understanding of, and perspective on, reliability and compliance risks based on experience at an organization in a sector; and
- Experience and expertise in subjects relevant to the Committee purview.

For the following sub-sector Sector 12 representatives, the Government representatives include non-voting membership consisting of four (4) representatives ~~from the NERC Membership~~³:

- U.S. Federal – 2
- Canadian Federal – 1
- Canadian Provincial – 1

³ The Committee Chair, Nominating Subcommittee Chair, or CCC Secretary will coordinate with entities entitled to non-voting membership to identify representatives for the non-voting seats. Canadian organizations such as the Canadian Electricity Association and Canada's Energy and Utility Regulators will be consulted and solicited for assistance in recruiting Canadians to serve on the Committee.

Chapter 2: Processes and Procedures

Open Nomination Process

CCC members serve a three (3) year term beginning on January 1 and concluding on December 31. The terms of members shall be staggered according to the CCC-approved schedule posted on the NERC website. This rotation ensures that approximately one-third of the Committee is subject to reappointment or replacement each year. The Nominating Subcommittee adheres to the following timetable to facilitate annual appointments but may adjust timelines at the request of the CCC Chair:

- June – The Nominating Subcommittee Chair or designee updates the CCC on future openings and solicits input from the CCC Executive Committee on specific membership needs. To ensure consistent input, the Nominating Subcommittee reviews the CCC qualifications criteria listed in the CCC Charter and upcoming items in the CCC Work Plan for necessary experience with input from the CCC Executive Committee. The Nominating Subcommittee evaluates current member’s adherence to CCC expectations as described in the Member Expectation Monitoring Process below. The Nominating Subcommittee Chair, designee, or the CCC Vice Chair also requests current members to attest that they are not performing work for another member’s organization or an affiliate of another member’s organization⁴.
- Early-July – NERC staff prepares a request for nominations that includes open seats and terms concluding on December 31. The CCC Chair and the Nominating Subcommittee Chair reviews the draft request and confirms content.
- Mid-July – NERC staff releases the formal request for nominations to industry with a thirty (30) day response deadline.
- Mid-July – NERC staff acknowledges receipt of nominations to the candidates and the nomination submitter.
- Mid-August – Nominating Subcommittee begins reviewing information on nominees and selects recommendations in accordance with the Selection Process by the due date for meeting materials for the next CCC meeting.
- September – Nominating Subcommittee informs CCC Membership of their recommendations.
- October – The Nominating Subcommittee Chair or designee prepares the slate of recommendations and submits to the NERC Board of Trustees (Board) for approval at the next meeting as appropriate.
- October - The Nominating Subcommittee Chair or designee informs the candidates of selection results pending Board consideration.
- November – The Board considers the CCC recommendations and completes their actions.
- If approved, the term for these members begins on January 1.
- If not approved, it will remand back to the Nominating Subcommittee for a different recommendation.

Selection Process

The Nominating Subcommittee shall process nominations as follows:

- NERC staff receives nomination forms from industry participants and reviews to verify the following, as applicable:
 - Response to all requested information;
 - The nominator’s and nominee’s organizations’ status as:

⁴ This review would not include members from a registered entity-sponsored industry/trade organization. Attestation will be provided as part of the Nominations Process. CCC members will be required to notice the CCC Chair if the basis of the attestation changes during the term of membership

- A NERC member,
- A NERC registered entity,
- A registered entity-sponsored industry/trade organization, or
- A provider of professional services to NERC registered entities;
- Nominee's qualifications to current posting;
- Only one nomination per entity/organization (including affiliates);
- The nominee's entity/organization does not already have a member on the CCC; and
- If nomination is received from another entity/organization, then confirm nominee's willingness to serve.
- Once verified, NERC staff [publicly posts summary materials of the nomination\(s\) the nomination form on the public and extranet sites](#) and notifies the Nominating Subcommittee Chair. [The full nomination package will be made available to the CCC Nominating Subcommittee via the extranet site.](#)
- The Nominating Subcommittee Chair or designee and NERC staff coordinate a call with the members of the Nominating Subcommittee to select recommendations. If a member of the Nominating Subcommittee is up for reappointment, then the member will be recused from the discussion and evaluation of their nomination.
- The Nominating Subcommittee shall independently select nominations using the evaluation form⁵ based on the qualification criteria below and may give preference to existing members, nominations from registered entity-sponsored industry/trade organizations, and/or current needs of the CCC. Sector nominees can also be considered for openings in the at-large membership.
 - Senior-level industry expertise;
 - Knowledge of topics within the scope of the CCC;
 - Experience within their respective organizations in at least one of the following areas:
 - Compliance Administration
 - Compliance Enforcement
 - Risk Management
 - NERC Registration
 - NERC Certification
 - NERC Standards;
 - Geographical representation;
 - Adherence to CCC expectations (if applicable);
 - Participation in other ERO committees, trade organizations, membership organizations (NATF, NAGF, etc.), or regional forums;
 - Input from the CCC Executive Committee.
- The Nominating Subcommittee Chair or designee prepares meeting materials prior to their posting deadline to inform the CCC of the selected nominees.
- Nominating Subcommittee Chair or designee prepares meeting materials prior to their posting deadline for Board approval of the CCC recommendations.

⁵ See Nominating Subcommittee extranet site for current form.

Member Expectation Monitoring Process

To maintain an active and productive CCC membership, the Nominating Subcommittee shall review records of recent meetings and solicit feedback from the CCC Executive Committee to identify members engagement with one or more of the following expectations in the CCC Charter:

- Act consistently with the procedures in this Charter and Robert’s Rules of Order during meetings;
- Adhere to NERC Antitrust Guidelines and Participant Conduct Policy;
- Demonstrate and provide expertise in support of Committee activities;
- Adjudicate in a fair and unbiased manner that meets applicable legal and due process requirements when participating in hearings conducted under the NERC ROP;
- Solicit comments and opinions from constituents and groups of constituents or trade organizations represented by the member and convey them to the Committee;
- Respond promptly to all Committee requests, including requests for reviews, comments, and votes on issues before the Committee;
- Arrange for a proxy to attend and vote at Committee meetings in the member’s absence; or
- Respond promptly to all requests to register for Committee meetings.

Some additional considerations are:

- Consistent attendance in CCC meetings during their term except for extenuating circumstances;
- Non-participation/contribution on a CCC subcommittee;
- Unwillingness to mentor new CCC members when requested by CCC leadership;
- Unwillingness to participate as an observer in periodic NERC Internal Audit efforts when requested, to the extent practicable;
- Mergers or acquisitions that result in more than one member from an entity/organization;
- Working for, or providing services to, another member’s entity/organization; or
- A conflict of interest that would impair the member’s ability to fulfill obligations under the Charter.

Member engagement concerns shall be reported to the CCC Chair for resolution.

The CCC Chair may request any CCC member who ceases to participate in the CCC consistent with member expectations and to the satisfaction of the CCC Executive Committee, to submit a resignation or to request continuation of membership with an explanation of extenuating circumstances. If a written response is not received within thirty (30) days of the Chair’s request, the lack of response will be considered a resignation. If the written response is considered incomplete or requires additional action, the matter will be resolved by the CCC Chair with support and endorsement by the CCC Executive Committee.

Resignation Process

Appointment to the CCC is based on qualifications and is attributed specifically to an individual – not an entity/organization. Therefore, members who cannot complete their term, will not be replaced outright with an individual from the same entity/organization. The Nominating Subcommittee will recommend a replacement for the open position during the open nomination cycle via the normal Selection Process as defined in the CCC Charter. If possible, the member can provide a proxy to CCC meetings during the interim period until a replacement is approved

by the Board to complete the term. Membership vacancies may be filled between annual elections at the request of the CCC Chair.

Re-appointment Process

There is no limitation on the number of times a member may be re-appointed. However, to ensure transparency and fairness to other industry participants, the member will not be re-appointed outright and therefore must apply for membership consistent with the annual Open Nomination Process. The member's past participation in CCC activities and current information will be evaluated during the selection process. Preference is given to existing members who are in good standing with CCC expectations, maintain the minimum qualifications, and meet the current needs of the CCC.

CCC Chair and Vice-Chair Election Process

Prior to the annual appointment of representatives to the CCC, the CCC shall select a Chair and Vice Chair of the CCC, from among its NERC member, NERC registered entity, and registered entity-sponsored industry/trade organization voting members, by majority vote of the members of the CCC to serve a two (2) year term. The incumbent Chair and Vice Chair shall not vote in the selection of the incoming Chair or Vice Chair. Therefore, the Nominating Subcommittee Chair shall prepare the slate on nominations and facilitate voting during the CCC meeting. The newly selected Chair and Vice Chair shall not be representatives of the same sector. The selection of the Chair and Vice Chair of the CCC shall be subject to approval of the Board.

Subordinate Group Appointment Process

A significant number of CCC responsibilities are executed through an active membership in subordinate groups. Therefore, the Nominating Subcommittee can assist the chair of each subordinate group with staffing needs and balancing representation. As part of the annual open nomination process, the Nominating Subcommittee solicits input from chairs of each subordinate group via the CCC Executive Committee to identify: 1) specific areas of expertise or experience to request from industry; and 2) the recommended placement of new members to a subordinate group. The recommendations are submitted to the CCC chair for appointment. For subcommittees, the member's term shall conclude in conjunction with their CCC membership term.

Subordinate group appointments from outside the CCC membership are allowed and can provide additional perspective and expertise as needed. However, the appointees must meet the same qualifications and expectations of the CCC membership. If a need is identified by the chair of the subordinate group and approved by the CCC Chair, then a request for nominations could be made, consistent with the process for soliciting CCC members to ensure transparency and fairness to all industry participants.

CCC Nominating Subcommittee

As detailed in the CCC Charter, the Nominating Subcommittee will consist of five (5) members nominated by the CCC Chair and approved by the full Committee. The Chair of the Nominating Subcommittee will be selected by the CCC Chair from among the five (5) Nominating Subcommittee members. Members and leadership of the Nominating Subcommittee will serve concurrently with the term of the CCC Chair. Appointments to the Nominating Subcommittee typically occur after the annual CCC member nomination process. **Member engagement concerns shall be reported to the CCC Chair for resolution.**

Sector Vacancy Process

It is essential that all voting seats are filled with active participants to effectively administer the business of the CCC. Therefore, during the annual Open Nomination Process, the Nominating Subcommittee will strive to obtain nominations to fill all open seats. However, if the Nominating Subcommittee does not receive valid nominations from a voting sector, the open seat will convert to an at-large membership for the remainder of the term and a nomination is selected by the Nominating Subcommittee in accordance with the Selection Process. If the sector seat is vacated

for any reason during the term, the CCC Chair may initiate a call for a nomination process to fulfill the balance of the term for that sector seat.

Changes in Member Status

If at any time during a member's term the individual changes organizations or positions, the Nominating Subcommittee will confirm the member continues to meet all membership requirements to complete the member's term. If a seat is vacated due to a member status change for any reason during the term, the CCC Chair may initiate a call for a nomination process to fulfill the balance of the term for that sector seat. Members are responsible for informing the CCC Chair of any changes to their qualifications to be members of the CCC.

Chapter 3: Revision History

Date	Version Number	Comments
June 17, 2020	1.0	Approved by the Compliance and Certification Committee
August 20, 2020		Approved by the Board of Trustees
June 9, 2021	2.0	Updated. Approved by the Compliance and Certification Committee
August 5, 2021		Approved by the Board of Trustees
February 1, 2023	3.0	Approved by the Compliance and Certification Committee
February 16, 2023		Approved by the Board of Trustees
<u>December 7, 2023</u>	<u>4.0</u>	<u>TBD by the Compliance and Certification Committee</u>
<u>February 16, 2024</u>		<u>TBD by the Board of Trustees</u>

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Proposed Amendments to the North American Electric Reliability Corporation's Bylaws

Action

Approve the proposed amendments to the North American Electric Reliability Corporation's (NERC) Bylaws (Bylaws) and authorize staff to file with the Applicable Governmental Authorities.

Background

NERC management proposes to the NERC Board of Trustees (Board) a set of amendments to its Bylaws to remove the Regional Entity from the membership Sectors and the Member Representatives Committee (MRC). The proposed amendments were developed to align with our governance processes treating Regional Entities as our partners in the ERO Enterprise. The proposed amendments are fully supported by the Regional Entities.

Pursuant to Article XIV of the NERC Bylaws, amendments to the NERC Bylaws must be approved by both the Board and the MRC. The proposed amendments to the Bylaws do not affect NERC's qualifications or ability to function as the Electric Reliability Organization (ERO) as set forth in Section 215 of the Federal Power Act (FPA).

The proposed amendments to the Bylaws will be presented to the MRC for its consideration at the August 15, 2024 meeting.

Overview

NERC management is proposing amendments to its Bylaws relating to the membership in the corporation and the MRC. Specifically, NERC management seeks to:

- Remove Regional Entities from membership Sectors; and
- Remove Regional Entity Sector from the Member Representatives Committee.¹

In addition to these substantive amendments, NERC management proposes to reserve the sections being removed to minimize the impact on our back-end membership software and remaining membership groups.

Timeline

If the proposed changes are approved by the MRC and Board, the following subsequent steps will be taken:

- NERC will file a petition with the Federal Energy Regulatory Commission (FERC) requesting approval of the proposed amendments to the Bylaws. NERC typically files within 30 days of MRC and Board approval;
- Notice of the filing will be posted in the Federal Register, with protests and interventions due within a time frame that FERC specifies. When NERC last amended its Bylaws, FERC set a 14-day period for protests and interventions;

¹ The proposed amendments do not impact any Sector-based NERC Standing Committees, as those committees do not have representation from the Regional Entity Sector.

- FERC will issue a final action;
- If FERC approves the proposed amendments to the Bylaws, the amended Bylaws will go into effect on the date FERC issues the final action; and
- NERC will file notice of Bylaws changes with applicable governmental authorities in the Canadian provinces.

Description of Amendments on Membership and the Composition of the MRC

NERC management proposes to remove references to the Regional Entity Sector from the Bylaws sections below.

Article II – Membership

- *Section 4(a) – Membership Sectors*
- *Section 4(a)(xi) – Membership Sectors – Regional Entity*

Article VIII – Member Representatives Committee

- *Section 2(vi) – Composition of the Member Representatives Committee*

NERC management also proposes to reserve the sections under Article II referencing the Regional Entity Sector with a placeholder reserving each relevant section for future use but proposes not to reserve the relevant section under Article VIII.

AMENDED AND RESTATED BYLAWS
OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

ARTICLE I

Definitions

Section 1 — Definitions — As used in these Bylaws of the North American Electric Reliability Corporation (hereinafter referred to as “the Corporation”), the terms set forth in this Article I shall have the meanings set forth herein.

“Applicable Governmental Authority” means the Federal Energy Regulatory Commission within the United States and the appropriate governmental authority with subject matter jurisdiction over reliability within Canada and Mexico.

“Board” means the Board of Trustees of the Corporation.

“Bulk Power System” means facilities and control systems necessary for operating an interconnected electric energy transmission network (or any portion thereof) and electric energy from generation facilities needed to maintain transmission system reliability. The term does not include facilities used in the local distribution of electric energy.

“Commission” means the Federal Energy Regulatory Commission.

“Electric Reliability Organization” or “ERO” means the organization that is certified by the Commission under Section 39.3 of its regulations, the purpose of which is to establish and enforce Reliability Standards for the Bulk Power System in the United States. The organization may also have received recognition by applicable governmental authorities in Canada and Mexico to establish and enforce Reliability Standards for the Bulk Power Systems of the respective countries.

“Member” means a member of the Corporation pursuant to Article II of these Bylaws.

“Net Energy for Load (NEL)” means net generation of an electric system plus energy received from others less energy delivered to others through interchange. It includes system losses, but excludes energy required for storage of energy at energy storage facilities. Calculations of Net Energy for Load for all purposes under these Bylaws shall be based on the most recent calendar year for which data on Net Energy for Load of applicable regions of the United States, Canada, and Mexico is available.

“Regional Entity” means an entity having enforcement authority pursuant to 18 C.F.R. § 39.8.

“Reliability Standard” means a requirement to provide for Reliable Operation of the Bulk Power System, including without limiting the foregoing requirements for the operation of existing Bulk Power System facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary for Reliable Operation of the Bulk Power System, but shall not include any requirement to enlarge Bulk Power System facilities or to construct new transmission capacity or generation capacity.

“Reliable Operation” means operating the elements of the Bulk Power System within equipment and electric system thermal, voltage, and stability limits so that instability, uncontrolled separation, or cascading failures of the Bulk Power System will not occur as a result of a sudden disturbance, including a cybersecurity incident, or unanticipated failure of system elements.

“Sector” means a group of members of the Corporation that are Bulk Power System owners, operators, or users or other persons and entities with substantially similar interests, including governmental entities, or other persons or entities that have an interest in the Reliable Operation of the North American Bulk Power System, as pertinent to the purposes and operations of the Corporation and the operation of the Bulk Power System, as defined in Article II, Section 4 of these Bylaws. Each Sector shall constitute a class of members for purposes of the New Jersey Nonprofit Corporation Act.

Section 2 — Additional Defined Terms — Additional terms not defined in this Article I are defined in the remainder of these Bylaws.

Section 3 — Technical Terms — Technical terms not defined in these Bylaws shall have the definitions set forth in the Federal Power Act, Part 39 of the regulations of the Commission, or the “Glossary of Terms Used in Reliability Standards”, in that order of precedence, and if not defined in any of those sources, shall be defined in accordance with their commonly understood and used technical meaning in the electric power industry, including applicable codes and standards.

ARTICLE II Membership

Section 1 — Members — Membership in the Corporation is voluntary and is open to any person or entity that has an interest in the Reliable Operation of the North American Bulk Power System and that registers with the Corporation in a Sector, maintains its registration in accordance with this Article II, and complies with the other conditions and obligations of membership specified in these Bylaws.

Membership in a Regional Entity shall not be a condition for membership in the Corporation. The secretary of the Corporation shall maintain a roster of the members of the Corporation.

Amended and Restated Bylaws of the North American Electric Reliability Corporation

Effective [\[Date\]](#) April 5, 2024

Section 2 — Membership Initiation and Renewal — Any person or entity that is eligible to be a member of the Corporation in accordance with Article II, Section 1 may become a member by completing, and submitting to the secretary of the Corporation, a membership registration on a form prescribed by the Board. If not a natural person, the member shall designate a representative and an alternative representative with authority to receive notices, cast votes, and execute waivers and consents on behalf of the member. The secretary of the Corporation shall maintain a current roster of the members of the Corporation including each member’s designated representative and alternative representative. From time to time, the Board shall establish a date by which members shall submit their registration renewals. All members shall be required to renew their registrations within thirty (30) calendar days of a request by the secretary of the Corporation, using a registration renewal form prescribed by the Board. The secretary of the Corporation shall remove from the roster of members of the Corporation any member that has not submitted a registration renewal within thirty (30) days following a date established by the Board. The secretary shall notify any member that is removed from the roster of members of such removal, by notice sent to such former member’s last known address on the records of the Corporation.

Section 3 — Obligations and Conditions of Membership

- a) Each member shall agree, in writing, to accept the responsibility to promote, support, and comply with the purposes and policies of the Corporation as set forth in the Corporation’s Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards as from time to time adopted, approved, or amended.
- b) As an additional condition of membership in the Corporation, each person or entity registering as a member shall be required to execute an agreement with the Corporation, in a form to be specified by the Board, that such person or entity will hold all trustees, officers, employees, and agents of the Corporation, as well as volunteers participating in good faith in the activities of the Corporation, harmless, to the extent permitted by Federal or provincial laws, regulations and rules, for any injury or damage to that member caused by any act or omission of any trustee, officer, employee, agent, or volunteer in the course of performance of his or her duties on behalf of the Corporation, other than for acts of gross negligence, intentional misconduct, or a breach of confidentiality.

Section 4 — Membership Sectors

- a) Each member that qualifies for membership in one or more Sectors as defined below shall elect to be assigned to one such Sector: (i) investor-owned utility; (ii) state/municipal utility; (iii) cooperative utility; (iv) federal or provincial utility/power marketing administration; (v) transmission-dependent utility; (vi) merchant electricity generator; (vii) electricity marketer; (viii) large end-use electricity customer; (ix) small end-use electricity customer; (x) independent system operator/regional transmission organization; (xi) ~~Regional Entity~~ [Reserved]; (xii) government representatives; or (xiii) associate. The composition of each Sector shall be as follows:

Amended and Restated Bylaws of the North American Electric Reliability Corporation

Effective [Date] April 5, 2024

- i. Investor-owned utility — This Sector includes any investor-owned entity with a substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- ii. State/municipal utility — This Sector includes any entity owned by or subject to the governmental authority of a state or municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state or municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating, transmitting, or purchasing electricity for sale at wholesale to their members. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- iii. Cooperative utility — This Sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a Board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- iv. Federal or provincial utility/Federal Power Marketing Administration — This Sector includes any U.S. federal, Canadian provincial, or Mexican entity that owns and/or operates electric facilities in any of the asset categories of generation, transmission, or distribution; or that functions as a power marketer or power marketing administrator. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- v. Transmission-dependent utility — This Sector includes any entity with a regulatory, contractual, or other legal obligation to serve wholesale aggregators or customers or end-use customers and that depends primarily on the transmission systems of third parties to provide this service. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- vi. Merchant electricity generator — This Sector includes any entity that owns or operates an electricity generating facility that is not included in an investor-owned

Amended and Restated Bylaws of the North American Electric Reliability Corporation

Effective [\[Date\]](#) ~~April 5, 2021~~

utility's rate base and that does not otherwise fall within any of Sectors (i) through (v). This Sector includes but is not limited to cogenerators, small power producers, and all other nonutility electricity producers such as exempt wholesale generators who sell electricity at wholesale. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.

- vii. Electricity marketer — This Sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in North America on a physical or financial basis. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- viii. Large end-use electricity customer — This Sector includes any entity in North America with at least one service delivery taken at 50 kV or higher (radial supply or facilities dedicated to serve customers) that is not purchased for resale; and any single end-use customer with an average aggregated service load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects.
- ix. Small end-use electricity customer — This Sector includes persons or entities such as associations, state consumer advocates, or other advocacy organizations that represent the collective interests of groups of electricity end users that take service below 50 kV or have an average aggregated service load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects. Any individual or entity providing products or services within the previous twelve (12) months related to Bulk Power System reliability to an entity eligible to join another Sector cannot join this Sector.
- x. Independent system operator/regional transmission organization — This Sector includes any entity authorized by the Commission to function as an independent system operator, a regional transmission organization, or a similar organization; comparable entities in Canada and Mexico; the Electric Reliability Council of Texas or its successor; and the Florida Reliability Coordinating Council, or its successor.
- xi. ~~Regional Entity — This Sector includes any Regional Entity as defined in Article I, Section 1.~~ [\[Reserved\]](#)

- xii. Government representatives — This Sector includes any federal, state, or provincial government department or agency in North America having a regulatory and/or policy interest in wholesale electricity. A not-for-profit association that coordinates and helps represent the interests of members of the Sector may be a member of the Sector unless the majority of the other members of the Sector objects. Entities with regulatory oversight over the Corporation or any Regional Entity, including U.S., Canadian, and Mexican federal agencies and any provincial entity in Canada having statutory oversight over the Corporation or a Regional Entity with respect to the approval and/or enforcement of Reliability Standards, may be nonvoting members of the Member Representatives Committee.
 - xiii. Associate — This Sector includes all members that do not qualify for one of the Sector membership categories set forth in subsections i. through xii. above. Associates shall have all rights and duties of members except for the right to nominate and elect Member Representatives Committee representatives. Associates shall be entitled to receive all public notices issued by the Corporation and may participate in any public meetings of the Corporation or its committees. At the request of any other Sector, an associate may serve as a representative of such Sector on the Member Representatives Committee and other committees with Sector representation, serve as a proxy for a Sector representative, and may coordinate and deliver such Sector’s policy input to the Board. Associates also may serve as at-large members or their proxy on committees that include at-large members.
- b) A candidate for membership shall elect to be assigned to any Sector so long as membership in that Sector is consistent with the candidate’s business or other activities. A corporation and its affiliates shall be considered a single member and may register in only one Sector, which may be any single Sector for which the corporation or any of its affiliates is eligible.

Section 5 — Term of Membership — Membership in the Corporation shall be retained as long as a member meets its respective qualifications, obligations, and conditions of membership as set forth in this Article II.

Section 6 — Removal — In addition to termination of membership in accordance with Article II, Section 2, the Board, following notice to the member and exercise of appropriate due process procedures, may terminate the membership of a member if in the judgment of the Board that member has violated its obligations and responsibilities to the Corporation. This termination shall require a two-thirds vote of the trustees present and voting at a meeting of the Board at which a quorum of the Board entitled to vote is present. Within thirty (30) days following the action of the Board terminating the membership of a member, the member shall be entitled to appeal such termination to the Commission or to the Applicable Governmental Authority in Canada or Mexico.

ARTICLE III Board of Trustees

Section 1 — Board of Trustees — The business and affairs of the Corporation shall be managed by a Board of Trustees. The Board shall consist of eleven members (the “trustees”), unless it is increased to twelve members pursuant to Section 1a of this Article III. All but one of the trustees shall be “independent” trustees nominated and elected in accordance with the requirements and procedures specified in Sections 2, 3, 4, 5, and 6 of this Article III (the “independent trustees”). The remaining trustee shall be the person elected by the Board, in accordance with Article VI, Section 1, of these Bylaws, to serve as president of the Corporation (the “management trustee”). Each trustee, including the management trustee, shall have one (1) vote on any matter brought before the Board for a vote. All trustees are expected to serve the public interest and to represent the reliability concerns of the entire North American Bulk Power System.

Section 1a — Increase in Number of Trustees — If it deems to be in best interests of the Corporation and its Members, the Board shall have the authority, by resolution, adopted no later than December 1, to increase the number of trustees from eleven to twelve, of which eleven trustees shall be independent trustees, with such increase to be effective as of the date of an annual election of independent trustees pursuant to Section 6 of this Article III. The newly-created independent trustee position shall be filled by election in accordance with Section 6 of this Article III.

Section 1b — Decrease in Number of Trustees — If the Board has previously increased the number of trustees under Section 1a of this Section III, and if it deems to be in the best interests of the Corporation and its Members, the Board shall have the authority, by resolution, adopted by September 1, to decrease the number of trustees from twelve to eleven, of which ten trustees shall be independent trustees, with such decrease to be effective as of the date of an annual election of independent trustees pursuant to Section 6 of this Article III. The decrease in number of trustees shall be effected by eliminating one of the independent trustee positions whose term is expiring as of the date of such annual election of trustees, in which case no election shall be held to replace such trustee.

Section 2 — Composition of Board Based on Country Participation

- a) The Board shall consist of a number of trustees from the United States and from Canada. A trustee from Canada shall be a citizen and resident of Canada. The number of trustees from Canada shall not be less than the percentage of the NEL of Canada to the total NEL of the United States and Canada, times eleven (or times twelve if the number of trustees has been increased to twelve pursuant to Section 1a of this Article III), rounded up to the nearest whole number. For purposes of this Board composition requirement, the management trustee shall be counted as a trustee from Canada if he or she is a Canadian citizen and resident.

- b) When the Corporation receives recognition by appropriate regulatory authorities in Mexico as its Electric Reliability Organization, the number of independent trustees will be

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increased by at least one, and the Board composition requirement in subsection (a) will be expanded to include Mexico.

Section 3 — Independent Board Members — The independent trustees shall be elected, shall have the qualifications specified, and shall serve in the manner provided in this section.

- a) An independent trustee is a person who is not (i) an employee of the Corporation, (ii) a user, owner, or operator of the Bulk Power System subject to Reliability Standards, or an officer, director, or employee of such an entity, (iii) an officer, director, or employee of any entity that would reasonably be perceived as having a direct financial interest in the outcome of Board decisions; and is a person who does not have any other relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a trustee. Provided, that upon initial election to the Board, an independent trustee shall within ten (10) days terminate any employee, officer, or director position that conflicts with this subparagraph and shall within sixty (60) days terminate any financial interest or other relationship that conflicts with this subparagraph, and prior to such termination shall not participate in discussion of or voting on any matter involving the entity of which the trustee is an employee, officer or director or in which the trustee has the financial interest or other relationship giving rise to the conflict. Independent trustees shall be elected to terms expiring at the annual election of independent trustees occurring in the third year after their election.
- b) Independent trustees shall be nominated and elected pursuant to the nomination and election procedures specified in Sections 4, 5, and 6 of this Article III.

Section 4 — Vacancies on the Board — Should any vacancy on the Board arise from the death, resignation, retirement, disqualification, or removal from office of any independent trustee, or from any other cause, such vacancy shall be filled by electing a trustee at the next annual election of trustees to fill the remainder, if any, of the term of the departed trustee. Provided, that the Board by resolution may in its discretion call a special election to fill any such vacancy for the remainder, if any, of the term of the departed trustee. Any vacancy shall be filled so as to maintain the composition of the Board in accordance with country participation pursuant to Section 2 of this Article III.

Section 5 — Nominating Committee — The Board shall appoint, on an annual basis, or more frequently if needed in the event of a special election pursuant to Article III, Section 4, a nominating committee (the “nominating committee”) to recommend candidates (i) to succeed the independent trustees whose terms expire at the next annual election and (ii) to serve the remainder of the term of any independent trustee who ceased to serve as a trustee subsequent to the last annual election of trustees. The nominating committee shall consist of independent trustees who are not standing for reelection at the next annual election and such number of other persons with such qualifications as the Board shall specify, provided, that the nominating committee shall be chaired by an independent trustee who is not standing for reelection during the current year and shall include at least three persons who are also members of the Member Representatives Committee.,
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The Board shall establish, by resolution, the procedures to be followed by the nominating committee in identifying and recommending candidates to serve as independent trustees; provided, however, that such procedures shall include a means of permitting members of the Corporation to recommend to the nominating committee candidates for consideration as nominees for independent trustees. The nominating committee shall nominate candidates for election to the Board consistent with the requirements of Article III, Section 2 for Board composition by country participation, and shall also endeavor to nominate candidates for election to the board consistent with the objectives that the board as an entirety reflects expertise in the areas of technical electric operations and reliability, legal, market, financial, and regulatory matters, and familiarity with regional system operation issues; and reflects geographic diversity.

Section 6 — Election of Independent Trustees — The Member Representatives Committee of the Corporation shall elect the persons (i) to succeed those independent trustees whose terms expire each year and (ii) to serve the remainder of the term of any independent trustee who ceased to serve as a trustee subsequent to the last annual election of independent trustees. The annual election of independent trustees shall be scheduled to be conducted on or about February 1 of each year or as soon thereafter as is reasonably possible. Any special election pursuant to Article III, Section 2 shall be held as expeditiously as possible consistent with the time required for a nominating committee to be appointed and to nominate one or more candidates for the special election. All independent trustees shall be elected from nominees proposed by the nominating committee. A nominee shall be elected an independent trustee if such person receives the affirmative vote of two-thirds of the members of the Member Representatives Committee. Each nominee receiving the necessary two-thirds vote of the Member Representatives Committee shall take office immediately upon election. In the event that the voting fails to elect a nominee to fill any of the positions of independent trustee to be filled in an annual election of independent trustees, the nominating committee shall as promptly as reasonably possible consider and propose one or more additional nominee or nominees for that position, and a vote by the Member Representatives Committee on the election of such nominee or nominees shall be conducted as quickly as possible. For avoidance of doubt, the independent trustees shall be elected by the Member Representatives Committee in accordance with this Section 6 and shall not be elected by vote of the members of the Corporation.

Section 7 — Management Trustee — The president of the Corporation shall be, ex officio, the management trustee of the Corporation, effective as of the date of his or her election by the Board as president of the Corporation in accordance with Article VI, Section 1, of these Bylaws, to serve until such time that he or she ceases to hold the position of president.

Section 8 — Committees of the Board — The Board shall by resolution create and appoint all committees of the Board as the Board deems necessary to perform its responsibilities; provided, that the management trustee shall not be a member of the audit committee or of the human resources committee, if any. All committees of the Board shall have such duties as are prescribed by the Board. Notice to the public of the dates, places, and times of meetings of Board committees, and all nonconfidential material provided to committee members, shall be posted on the

Corporation's Web site within 24 hours of the time that notice is given to committee members. Meetings of Board committees shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; provided, that the meeting may be held in or adjourn to closed session to discuss matters of a confidential nature, including but not limited to personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical infrastructure information of any entity.

ARTICLE IV

Meetings of Members of the Corporation

Section 1 — Meetings of Members — Meetings of members of the Corporation may be called for any purpose or purposes by the chairman of the Board or by a number of members constituting at least ten (10) percent of the members on the roster of members maintained by the secretary of the Corporation, which number shall include members in at least three of the Sectors. Meetings of members shall be held at the principal office of the Corporation or at such other place fixed by the Board as shall be specified in the notice of meeting. Meetings shall be called upon written notice of the time, date, place, and purposes of the meeting given to all members on the roster of members maintained by the secretary of the Corporation not less than ten (10) nor more than sixty days (60) prior to the date of the meeting.

Section 2 — Quorum and Voting Requirements for Meetings of Members — At any meeting of the members of the Corporation, attendance in person or by proxy by one-half of the members in each of at least two-thirds of the Sectors on the roster of members maintained by the secretary of the Corporation shall constitute a quorum. Except as otherwise expressly provided in the Corporation's Certificate of Incorporation, these Bylaws or applicable law, actions by the members of the Corporation shall be approved upon receipt of seven affirmative votes at a meeting of the members of the Corporation at which a quorum is present, where (i) each Sector of the Corporation shall have one vote, except that if less than one-half of the members in a Sector are present, in person or by proxy, at the meeting, the vote of that Sector shall be weighted by a percentage equal to the number of members of the Sector present in person or by proxy at the meeting divided by one-half of the members in the Sector; (ii) the vote of each Sector of the Corporation shall be allocated for and against the proposed action based on the respective percentages of votes cast for and against the proposed action by the members in that Sector voting in person or by proxy; and (iii) the proportions of the votes of each Sector allocated for and against the proposed action shall be summed to determine the total number of votes for and against the proposed action.

Section 3 — Waivers of Notice of Meetings of Members; and Member Meeting Adjournments — Notice of a meeting of members need not be given to any member who signs a waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice of the meeting by such member. When any meeting of members is adjourned to another time or place, it shall not be necessary to give notice of the adjourned meeting if the time and place to which the meeting is

adjourned are announced at the meeting at which the adjournment is taken, and if at the adjourned meeting only such business is transacted as might have been transacted at the original meeting.

Section 4 — Action Without a Meeting of Members — Unless otherwise expressly provided in the Certificate of Incorporation, any action, required or permitted to be taken at a meeting of members may be taken without a meeting upon the written consent of members who would have been entitled to cast the minimum number of votes which would be necessary to authorize the action at a meeting at which all members were present and voting. In the case of any corporate action taken without a meeting by less than unanimous written consent of the members; (i) advance written notice shall be given to those members who have not consented in writing (including by posting on the Corporation’s Web site or other electronic transmission as permitted by law) setting forth the proposed action consented to; (ii) the proposed action shall not be consummated before the expiration of 10 days after the giving of the notice and 20 days from the giving of the notice in the case of any action taken pursuant to Chapter 10 of the New Jersey Nonprofit Corporation Act (merger, consolidation and sale of assets); and (iii) the notice shall set forth the existence of the 10-day or 20-day period, as applicable. All written responses of the members to the notice referenced herein shall be filed with the minutes of proceedings of members. The call for action without a meeting of members may be initiated by the chairman of the Board or by a number of members constituting at least ten (10) percent of the members on the roster of members maintained by the secretary of the Corporation, which number shall include members in at least three of the Sectors.

Section 5 — Meetings of the Members to be Open — Notice to the public of the dates, places, and times of meetings of the members, and all nonconfidential material provided to the members, shall be posted on the Corporation’s Web site within 24 hours of the time that notice is given to the members. Meetings of the members shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; provided, that the meeting may be held in or adjourn to closed session to discuss matters of a confidential nature, including but not limited to personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical infrastructure information of any entity. One or more members of, and any other participants in, a meeting of the members may participate in a meeting of the members by means of remote communication to the extent the Board authorizes and adopts guidelines and procedures governing such a meeting. During a state of emergency declared by the Governor of New Jersey, a meeting of members may be held solely by means remote communication. A member participating in a meeting of members by means of remote communication shall be deemed present in person and shall be entitled to vote at the meeting regardless of whether that meeting is held at a designated place or solely by means of remote communication. In any meeting of the members conducted in part or solely by means of remote communication, the secretary, or the secretary’s designee, shall:

- a) verify that each person participating remotely is a member or a proxy of a member;

- b) provide each member participating remotely with a reasonable opportunity to participate in the meeting, including an opportunity to vote on matters submitted to the members, and to read or hear the proceedings of the meeting substantially concurrently with those proceedings; and
- c) record and maintain a record of any votes or other actions taken by remote communication at the meeting.

If the Board has authorized participation by members by means of remote communication, then the notice of such meeting shall describe the means of remote communication to be used.

ARTICLE V

Meetings of the Board of Trustees

Section 1 — Regular Meetings of the Board — A regular meeting of the Board for such business as may come before the meeting shall be held on or about February 1 of each year. By resolution adopted at any meeting of the Board, the Board may provide for additional regular meetings that may be held without further notice to the trustees.

Section 2 — Special Meetings of the Board — Special meetings of the Board for any purpose or purposes may be called at any time by the chairman or by any two trustees. Such meetings may be held upon notice given to all trustees not less than five (5) days prior to the date of the meeting unless the meeting is a closed session as permitted by Article V, Section 4 of these Bylaws, in which event the notice shall be provided to all trustees not less than 24 hours prior to the date and time of the meeting. Such notice shall specify the time, date, place, and purpose or purposes of the meeting and may be given by telephone, facsimile, e-mail, or other electronic means, or by express delivery.

Section 3 — Quorum and Voting Requirements for Meetings of the Board — Unless otherwise expressly provided in the Corporation's Certificate of Incorporation, these Bylaws or applicable law, (i) the quorum necessary for the transaction of business at meetings of the Board shall be a majority of the trustees, and (ii) actions by the Board shall be approved upon receipt of the affirmative vote of a majority of the trustees present and voting at a meeting at which a quorum is present.

Section 4 — Meetings of the Board to be Open — Notice to the public of the dates, places, and times of meetings of the Board, and all nonconfidential material provided to the Board, shall be posted on the Corporation's Web site, and notice of meetings of the Board shall be sent electronically to members of the Corporation, within 24 hours of the time that notice or such material is given to the trustees. Meetings of the Board shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; provided, that the Board may meet in or adjourn to closed session to discuss matters of a confidential nature, including but not limited to personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical infrastructure information of any entity. Any or all of the trustees, or members

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of a committee, may participate in a meeting of the Board, or a meeting of a committee, by means of a remote communications system by which all persons participating in the meeting are able to hear each other. Any trustee or members of a committee participating in a meeting of the Board, or a meeting of a committee by means of remote communication shall be deemed present in person and shall be entitled to vote at the meeting regardless of whether that meeting is held at a designated place or solely by means of remote communication.

Section 5 — Waivers of Notice of Board Meetings; and Board Meeting Adjournments — Notice of a Board meeting need not be given to any trustee who signs a waiver of notice, in person or by proxy, whether before or after the meeting, or who attends the meeting without protesting, prior to the conclusion of the meeting, the lack of notice of such meeting. Notice of an adjourned Board meeting need not be given if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and if the period of adjournment does not exceed ten (10) days.

Section 6 — Action Without a Meeting — Unless otherwise expressly provided in the Certificate of Incorporation, any action, required or permitted to be taken at a meeting of the Board or of any committee thereof, may be taken by the Board or by the committee without a meeting if the action is consented to in writing by all trustees or members of the committee, as the case may be. The call for action without a meeting of the Board may be initiated by the chairman or by any two trustees. Notice of the proposed call for action without a meeting, and all nonconfidential material provided to the Board in connection with the call for action without a meeting, shall be posted on the Corporation’s Web site within 24 hours of the time notice of the call for action without a meeting or such material is provided to the Board. The call for action without a meeting of a committee of the Board may be initiated by the chairman or by any two members of the committee. The trustees or members of the committee shall receive written notice of the results, and unless the action was confidential the results shall be posted on the Corporation’s Web site, within seven (7) days of the action vote. All written responses of the trustees shall be filed with the minutes of the Corporation, and all written responses of members of a committee shall be filed with the minutes of such committee.

ARTICLE VI

Officers

Section 1 — Officers — At its regular meeting held on or about February 1 of each year in accordance with Section 1 of Article V of these Bylaws, the Board shall elect a chairman, a vice chairman, a president, a secretary, a treasurer, and such other officers of the Corporation (collectively, the “officers”) as it shall deem necessary. The chairman and the vice chairman must each be independent trustees prior to their election to such offices. The chairman, vice chairman, and president shall each be nominated and elected by the Board. All of the remaining officers shall be appointed or removed by the Board based upon the recommendation of the president. The duties and authority of the chairman, the vice chairman, and the president shall be determined from time to time by the Board, and the duties and authority of the other officers of the Corporation shall be

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determined from time to time by the president. Subject to any such determination, the officers shall have the following duties and authority:

- a) The chairman shall preside at all meetings of the members and at all meetings of the Board. The chairman, in consultation with the other trustees, shall be responsible for the efficient operation of the Board and its committees. The chairman shall be an ex officio member of each committee of the Board. The chairman may delegate from time to time any or all of the aforesaid duties and authority to the vice chairman, another trustee, the president, or any other officer.
- b) The vice chairman shall have such duties and possess such other powers as may be delegated to him or her by the chairman. The vice chairman shall act as the chairman at such times as the chairman may request. In the event the chairman is unable to discharge the duties and powers of that office by reason of incapacity and during any vacancies in the office of the chairman, the vice chairman shall act as chairman until the cessation of such incapacity or the filling of such vacancy.
- c) The president shall be the chief executive officer of the Corporation. He or she shall be responsible for the day-to-day ongoing activities of the Corporation and shall have such other duties as may be delegated or assigned to him or her by the chairman. The president may enter into and execute in the name of the Corporation contracts or other instruments not in the regular course of business that are authorized, either generally or specifically, by the Board.
- d) The secretary shall maintain the roster of members of the Corporation; shall cause notices of all meetings to be served as prescribed in these Bylaws; shall keep or cause to be kept the minutes of all meetings of the members and the Board; and shall have charge of the seal of the Corporation. The secretary shall perform such other duties and possess such other powers as are incident to his or her office or as shall be assigned to him or her by the president.
- e) The treasurer shall have custody of the funds and securities of the Corporation, and shall keep or cause to be kept regular books of account for the Corporation. The treasurer shall perform such other duties and possess such other powers as are incident to his or her office or as shall be assigned to him or her by the president.

ARTICLE VII

Committees of the Corporation

Section 1 — Committees of the Corporation — In addition to those committees specified by these Bylaws, to which the Board shall appoint members in accordance with the requirements of these Bylaws, the Board may by resolution create standing committees of the Corporation; and may in addition by resolution appoint such other committees as the Board deems necessary to carry out the purposes of the Corporation. The Board shall appoint standing committees and other

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committees of the Corporation that are representative of members, other interested parties and the public, that provide for balanced decision making, and that include persons with outstanding technical knowledge and experience. All appointments of committees of the Corporation shall provide the opportunity for an equitable number of members from the United States and Canada (and from Mexico after the Corporation receives recognition by appropriate governmental authorities in Mexico as its Electric Reliability Organization) to be appointed to each committee in approximate proportion to each country's percentage of the total NEL. All committees shall have such scope and duties, not inconsistent with law, as are specified in these Bylaws and the Rules of Procedure of the Corporation or otherwise determined by the Board.

ARTICLE VIII

Member Representatives Committee

Section 1 — Member Representatives Committee — The Corporation shall have a Member Representatives Committee that shall have the following rights and obligations:

- a) to elect the independent trustees, in accordance with Article III, Section 6;
- b) to vote on amendments to the Bylaws, in accordance with Article XIV; and
- c) to provide advice and recommendations to the Board with respect to the development of annual budgets, business plans and funding mechanisms, and other matters pertinent to the purpose and operations of the Corporation.

Because it is elected by the members of the Corporation and not appointed by the Board, the Member Representatives Committee shall not be a standing committee of the Corporation, but is authorized to provide its advice and recommendations directly to the Board.

Section 2 — Composition of the Member Representatives Committee — The Member Representatives Committee shall consist of the following voting members:

- (i) two representatives from each of the following Sectors: investor-owned utility, state/municipal utility, cooperative utility, federal or provincial utility/Federal Power Marketing Administration, transmission-dependent utility, merchant electricity generator, electricity marketer, large end-use electricity consumer, small end-use electricity consumer, and independent system operator/regional transmission organization;
- (ii) the chairman and vice chairman of the Member Representatives Committee;
- (iii) any additional Canadian representatives as are selected pursuant to Section 4 of this Article VIII; and
- (iv) two representatives of state governments.

And the following non-voting members:

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- (v) two representatives of the United States federal government, one representative of the Canadian federal government, one representative of a Canadian provincial government;

~~(vi) all the members of the Regional Entity Sector.~~

The representatives of each Sector shall be members of the Corporation, or officers or executive-level employees, agents or representatives of members of the Corporation, in that Sector; provided, that at any time only one officer, employee, agent, or representative of a member in a Sector may be a representative from that Sector. An associate shall not have representation on the Membership Representatives Committee but may be selected by the members of another Sector to represent such Sector. No member of the Board shall be a member of the Member Representatives Committee. The Board may by resolution create additional nonvoting positions on the Member Representatives Committee at the written request of any group of members of the Corporation that believes its interests are not adequately represented on the Member Representatives Committee.

Each member of the Member Representatives Committee shall serve a term of two years commencing at an annual meeting held pursuant to Section 7 of this Article VIII and ending at the second succeeding annual meeting. There shall be no limit on the number of terms that a member of the Corporation, or an employee, agent, or representative of a member of the Corporation, may serve on the Member Representatives Committee.

Section 3 — Election of Members of the Member Representatives Committee

- a) Unless a Sector adopts an alternative election procedure, the annual election of representatives from each Sector to the Member Representatives Committee, and any election to fill a vacancy, shall be conducted in accordance with the following process, which shall be administered by the officers of the Corporation. During the period beginning approximately ninety (90) days and ending approximately thirty (30) days prior to an annual election, or beginning approximately forty-five (45) days and ending approximately fifteen (15) days prior to an election to fill a vacancy, nominations may be submitted for candidates for election to the Member Representatives Committee. A nominee for election as a Sector representative must be a member, or an officer, executive-level employee or agent of a member, in that Sector or an associate nominated by another Sector to represent such Sector. No more than one nominee who is an officer, executive-level employee or agent of a member or its affiliates may stand for election in any single Sector; if more than one officer, employee or agent of a member or its affiliates is nominated for election from a Sector, the member shall designate which such nominee shall stand for election. The election of representatives shall be conducted over a period of ten (10) days using an electronic process. Each member in a Sector shall have one vote for each representative to be elected from the Sector in that election, and may cast no more than one vote for any nominee. The nominee receiving the highest number of votes in each Sector shall be elected to the representative position to be filled from that Sector; if there is more than one representative position to be filled from a Sector, the nominee receiving the second highest number of votes shall also be elected, and so forth. Provided, that to be elected a nominee

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must receive a number of votes equal to a simple majority of the members in the Sector casting votes in the election. If no nominee in a Sector receives a simple majority of votes cast in the first ballot, a second ballot shall be conducted which shall be limited to the number of candidates receiving the two (2) highest vote totals on the first ballot (or to the number of candidates receiving the four (4) highest vote totals on the first ballot if two representative positions remain to be filled, and so forth). The nominee or nominees receiving the highest total or totals of votes on the second ballot shall be elected to the representative position or positions remaining to be filled for the Sector.

A Sector may adopt an alternative procedure to the foregoing to nominate and elect its representatives to the Member Representatives Committee if (i) the alternative procedure is consistent in principle with the procedures specified in the preceding paragraph of this Section 3a, and (ii) the alternative procedure is approved by vote of at least two-thirds of the members in the Sector. Any alternative procedure is subject to review and disapproval by the Board.

Section 4 — Adequate Representation of Canadian Interests on the Member Representatives Committee — In addition to the requirements for composition of the Member Representatives Committee specified in Section 1 of this Article VIII, the Member representatives Committee shall contain a number of Canadian voting representatives equal to the percentage of the NEL of Canada to the total NEL of the United States and Canada, times the total number of voting members on the Member Representatives Committee, rounded up to the next whole number. If the annual selection of members of the Member Representatives Committee pursuant to Section 3 of this Article VIII does not result in the number of Canadian voting representatives provided for herein on the Member Representatives Committee, then the candidate who received the highest fraction of the Sector vote among those candidates who would have qualified as Canadian voting representatives but were not elected to the Member Representatives Committee shall be added to the Member Representatives Committee. Additional Canadian voting representatives shall be added to the Member Representatives Committee through this selection process until the Member Representatives Committee includes a number of Canadian voting representatives equal to the percentage of the NEL of Canada to the total NEL of the United States and Canada, times the total number of voting members on the Member Representatives Committee, rounded up to the next whole number. Provided, that no more than one such additional Canadian voting representative shall be selected from a Sector, except that if this limitation precludes the addition of the number of additional Canadian voting representatives required by the previous sentence, then no more than two Canadian voting representatives may be selected from the same Sector. Such additional Canadian voting representatives shall be representatives of the Sectors in which they stood for election, and shall serve terms expiring at the next annual meeting of the Member Representatives Committee pursuant to Section 7 of this Article VIII. For purposes of this Section 4, “Canadian” means one of the following: (a) a company or association incorporated or organized under the laws of Canada or of a province of Canada that is a member of the Corporation, or its designated

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representative irrespective of nationality; (b) an agency of a federal, provincial, or local government in Canada that is a member of the Corporation, or its designated representative irrespective of nationality; or (c) a person who is a Canadian citizen residing in Canada and is a member of the Corporation.

When the Corporation receives recognition from appropriate governmental authorities in Mexico as the Electric Reliability Organization, this provision will be expanded to provide for adequate representation of Mexican interests on the Member Representatives Committee.

Section 5 — Officers of the Member Representatives Committee — 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.

Section 6 — Vacancies on the Member Representatives Committee — In the event that any member of the Member Representatives Committee ceases to serve as a member of the Member Representatives Committee as a result of his or her death, resignation, retirement, disqualification, or removal or other cause, the members in the Sector of which such member was a representative shall elect, as soon thereafter as reasonably possible, and in accordance with the procedures in Sections 3 and 4 of this Article VIII, a new member to replace the member of the Member Representatives Committee who ceases to serve. The vacancies in the Sector representatives created by the selection of the chairman and vice chairman pursuant to Section 5 of this Article VIII may be filled at the annual election of representatives to the Member Representatives Committee that is next held following the election of the chairman and vice chairman.

Section 7 — Annual Meeting of the Member Representatives Committee — An annual meeting of the Member Representatives Committee for the election of independent trustees and to conduct such other business as may come before the meeting shall be held on or about February 1 of each year or as soon thereafter as is reasonably possible. By resolution adopted at any meeting of the Member Representatives Committee, the Member Representatives Committee may provide for additional regular meetings that may be held without further notice to the members of the Member Representatives Committee.

Section 8 — Special Meetings of the Member Representatives Committee — Special meetings of the Member Representatives Committee for any purpose or purposes may be called by the chair of the Member Representatives Committee or by any five (5) members of the Member Amended and Restated Bylaws of the North American Electric Reliability Corporation

Representatives Committee, which number shall include representatives from at least three Sectors, and require notice given to all members of the Member Representatives Committee not less than seven (7) days prior to the date of the meeting. Such notice shall specify the time, date, place, and purpose or purposes of the meeting and may be given by telephone, facsimile, e-mail, or other electronic means, or by express delivery.

Section 9 — Quorums and Voting for Meetings of the Member Representatives Committee

— The quorum necessary for the transaction of business at meetings of the Member Representatives Committee shall be two-thirds of the voting members of the Member Representatives Committee attending the meeting in person or by proxy. A member of the Member Representatives Committee may give a proxy only to a person who is a member, or an officer, executive-level employee, agent or representative of a member, registered in the same Sector or an associate. Each voting member of the Member Representatives Committee shall have one (1) vote on any matter coming before the Member Representatives Committee that requires a vote. Except as otherwise expressly provided in the Corporation’s Certificate of Incorporation, these Bylaws or applicable law, actions by members of the Member Representatives Committee shall be approved upon receipt of the affirmative vote of a majority of the voting members of the Member Representatives Committee present and voting, in person or by proxy, at any meeting at which a quorum is present.

Section 10 — Meetings of the Member Representatives Committee to be Open

— Notice to the public of the dates, places, and times of meetings of the Member Representatives Committee, and all nonconfidential material provided to the Member Representatives Committee, shall be posted on the Corporation’s Web site, and notice of meetings of the Member Representatives Committee shall be sent electronically to all members of the Corporation, within 24 hours of the time that notice or such material is given to the Member Representatives Committee. Meetings of the Member Representatives Committee shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; provided, that the Member Representatives Committee may meet in or adjourn to closed session to discuss matters of a confidential nature, including but not limited to personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical infrastructure information of any entity. Any or all members of, and any other participants in, the Member Representatives Committee may participate in a meeting of the Member Representatives Committee by a means of a remote communications system by which all persons participating in the meeting are able to hear each other. A member of the Member Representatives Committee participating in a meeting of the Member Representatives Committee by means of remote communication shall be deemed present in person and shall be entitled to vote at the meeting regardless of whether that meeting is held at a designated place or solely by means of remote communication.

Section 11 — Waivers of Notice of Meetings of the Member Representatives Committee; and Meeting Adjournments

— Notice of a meeting of the Member Representatives Committee need not be given to any member of the Member Representatives Committee who signs a waiver of notice, in person or by proxy, whether before or after the meeting, or who attends the meeting

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without protesting, prior to the conclusion of the meeting, the lack of notice of such meeting. Notice of an adjourned meeting of the Member Representatives Committee need not be given if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and if the period of adjournment does not exceed ten (10) days.

Section 12 — Action Without a Meeting of the Member Representatives Committee — Any action required or permitted to be taken at a meeting of the Member Representatives Committee may be taken by the Member Representatives Committee without a meeting if the action is consented to in writing by the number of members of the Member Representatives Committee entitled to vote on the action that would be required to approve the action at a meeting of the Member Representatives Committee with all of its members present and voting, except that in the case of the election of independent trustees, the action may be taken without a meeting only if all members of the Members Representative Committee consent thereto in writing. The call for action without a meeting of the Member Representatives Committee may be initiated by the Chair of the Member Representatives Committee or by any five (5) members of the Member Representatives Committee, which number shall include representatives from at least three (3) Sectors. Notice of the proposed call for action without a meeting, and all nonconfidential material provided to the Member Representatives Committee in connection with the call for action without a meeting, shall be posted on the Corporation’s Web site within 24 hours of the time notice of the call for action without a meeting or such material is provided to the members of the Members Representative Committee. The members of the Member Representatives Committee shall receive written notice of the results, and unless the action was confidential the results shall be posted on the Corporation’s Web site, within seven (7) days of the action vote, and all written responses of voting members of the Member Representatives Committee shall be filed with the minutes of the Corporation.

Section 13 — Other Procedures of the Member Representatives Committee — Except as to any matter as to which the procedure to be followed by the Member Representatives Committee is expressly set forth in these Bylaws, the Member Representatives Committee may adopt such additional procedures, not inconsistent with these Bylaws, as it deems appropriate.

ARTICLE IX

Reliability Standards

Section 1 — Development of Reliability Standards — The Corporation shall develop, implement and, in all regions in which necessary governmental approvals have been obtained or authority has been provided, enforce, Reliability Standards that provide for Reliable Operation of the Bulk Power Systems of North America. All Reliability Standards shall be approved by the Board. All Reliability Standards of the Corporation shall be posted on its Web site. Nothing in this Article shall be deemed to invalidate any standard of the Corporation that was in effect as of the date of these Bylaws.

Section 2 — Procedures for Development of Reliability Standards — The Corporation shall develop Reliability Standards pursuant to procedures and processes that shall be specified in the Rules of Procedure of the Corporation. The Rules of Procedure shall provide for the development of Reliability Standards through an open, transparent, and public process that provides for reasonable notice and opportunity for public comment, due process, and balancing of interests and is designed to result in Reliability Standards that are technically sound. Participation in the process for development of Reliability Standards shall not be limited to members of the Corporation but rather shall be open to all persons and entities with an interest in the Reliable Operation of the Bulk Power System.

Section 3 — Procedures for Determinations of Violations of Reliability Standards and Imposition of Sanctions for Violations — In all regions in which regulatory approval has been obtained or governmental authority has been provided, the Corporation shall consider and make determinations that an owner, operator, or user of the Bulk Power System has violated a Reliability Standard, and shall impose sanctions for such violations, pursuant to procedures and processes that shall be specified in the Rules of Procedure of the Corporation. Such procedures and processes shall provide for reasonable notice and opportunity for hearing. Any sanction imposed for a violation of a Reliability Standard shall bear a reasonable relation to the seriousness of the violation and shall take into consideration efforts of the owner, operator, or user of the Bulk Power System to remedy the violation in a timely manner. Subject to any necessary action by any applicable governmental authorities, no sanction imposed for a violation of a Reliability Standard shall take effect until the thirty-first (31) day after the Corporation, where authorized by law or agreement, files with the Commission or other Applicable Governmental Authority notice of the sanction and the record of the proceedings in which the violation and sanction were determined, or such other date as ordered by the Commission or other Applicable Governmental Authority or as prescribed by applicable law.

ARTICLE X

Agreements with Regional Entities

Section 1 — Delegation Agreements with Regional Entities — The Corporation may, in accordance with appropriate governmental authority, enter into agreements with regional entities pursuant to which a Regional Entity shall be delegated the authority of the Corporation to enforce Reliability Standards within a geographic region of North America and may develop and propose Reliability Standards to be in effect within such region. All delegation agreements with regional entities shall be approved by the Board. No delegation agreement with a Regional Entity shall be effective with respect to a region until the agreement has received any necessary approval from an Applicable Governmental Authority.

Section 2 — Standards for Delegation Agreements — The Corporation shall be permitted to enter into a delegation agreement with a Regional Entity only if the Board determines that (i) the Regional Entity has agreed to promote, support, and comply with the purposes and policies of the Corporation as set forth in its Certificate of Incorporation, Bylaws, Rules of Procedure, and

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Reliability Standards as from time to time adopted, approved, or amended; (ii) the Regional Entity satisfies the criteria set forth in Sections 39.3(b) and 39.8 of the Commission's regulations, or other criteria specified by applicable governmental authorities, and (iii) the delegation agreement will promote effective and efficient administration of the reliability of the Bulk Power System.

ARTICLE XI

Rules of Procedure

Section 1 — Development of Rules of Procedure — The Corporation shall develop and implement such Rules of Procedure as in the judgment of the Board are necessary or appropriate to carry out the purposes of the Corporation and to govern its operations, including without limiting the foregoing, Rules of Procedure relating to (i) registration of owners, operators, and users of the Bulk Power System; (ii) development of Reliability Standards; (iii) procedures for standing committees of the Corporation, subgroups of standing committees, and other committees, subcommittees, task forces, and Sector-specific forums of the Corporation; (iv) critical infrastructure protection; (v) conduct of readiness evaluations and reliability assessments; (vi) enforcement of compliance with Reliability Standards and determinations of violations of Reliability Standards by owners, operators, and users of the Bulk Power System; (vii) impositions of sanctions for violations of Reliability Standards; (viii) development, implementation, and administration of delegation agreements with regional entities; (ix) personnel certification; (x) event analysis and information exchange; (xi) realtime monitoring of the Bulk Power System; and (xii) development and administration of budgets, business plans, and funding mechanisms of the Corporation. All Rules of Procedure of the Corporation shall be posted on its Web site.

Section 2 — Adoption, Amendment, and Repeal of Rules of Procedure — Except as provided in Section 2 of Article XII, all Rules of Procedure, amendments thereto and repeals thereof shall be approved by the Board. Proposals to adopt new Rules of Procedure or to amend or repeal existing Rules of Procedure may be submitted by (i) the Member Representatives Committee, (ii) any fifty (50) members of the Corporation, which number shall include members in at least three Sectors, (iii) a committee of the Corporation to whose purpose and functions the Rule of Procedure pertains, or (iv) an officer of the Corporation. Unless the Board determines that exigent conditions exist requiring adoption of a new Rule of Procedure or amendment or repeal of an existing Rule of Procedure in a shorter time, all proposals for adoption, amendment and repeal of Rules of Procedure shall be posted on the Corporation's Web site and subject to public comment for a minimum of forty-five (45) days prior to action by the Board. All Rules of Procedure and amendments to and repeals of Rules of Procedure approved by the Board shall be submitted to the Commission and to other applicable governmental authorities for approval, and shall not be effective in the United States until approved by the Commission or in Canada or Mexico until approval is obtained from any governmental authority from which approval is required in those countries and subject to any conditions, limitations, or modifications required by the Commission or other governmental authority. Nothing in this Article shall be deemed to invalidate any Rule of Procedure of the Corporation that was in effect as of the date of these Bylaws.

ARTICLE XII
Personnel Certification Governance Committee

Section 1 — Personnel Certification Governance Committee — There shall be a Personnel Certification Governance Committee of the Corporation, which shall be a standing committee of the Corporation. The purpose of the Personnel Certification Governance Committee shall be to provide oversight to the policies and processes used to implement and maintain the integrity and independence of the Corporation’s System Operator Certification Program. The governance authority and structure of the Personnel Certification Governance Committee shall be implemented and maintained so that policies and procedures are established to protect against undue influence that could compromise the integrity of the System Operator Certification process.

Section 2 — Appointment and Reporting of the Personnel Certification Governance Committee — The members of the Personnel Certification Governance Committee shall be appointed by the Board from candidates selected and presented by a nominating task force in accordance with Rules of Procedure for the Personnel Certification Governance Committee. Nominations and appointments shall take into account the need to include representatives of all geographic regions of North America on the Personnel Certification Governance Committee. The Personnel Certification Governance Committee shall report directly to the Board and the president of the Corporation regarding governance and administration of the System Operator Certification Program; provided, however, that the Personnel Certification Governance Committee shall have autonomy in developing and implementing system operator certification eligibility requirements, the development, administration, and scoring of the system operator assessment instruments, and operational processes for the System Operator Certification Program. The Personnel Certification Governance Committee shall provide to the Board periodic assessments, no less frequently than every two (2) years, of the effectiveness of the System Operator Certification Program.

Section 3 — Administration of the Personnel Certification Governance Committee — In order to maintain the independence of the Personnel Certification Governance Committee, staff of the Corporation shall administer the System Operator Certification program on behalf of the Personnel Certification Governance Committee on a fee for service basis.

ARTICLE XIII
Budgets and Funding

Section 1 — Compensation of the Board and Member Representatives Committee — The Board shall have the right to fix from time to time, by resolution adopted by a majority of the independent trustees then serving as trustees, the amount of the annual retainer fee or other compensation to be paid to the independent trustees for their services to the Corporation, including any fees to be paid for each meeting of the Board or any Board committee attended by an independent trustee. No compensation shall be paid to the management trustee for his or her services on the Board, other than the compensation paid to the management trustee for services as president of the Corporation. No compensation shall be paid by the Corporation to the members

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of the Member Representatives Committee for their services on the Member Representatives Committee.

Section 2 — Preparation and Adoption of Annual Budget, Business Plan, and Funding Mechanism — The Board shall prepare or cause to be prepared an annual budget for the administrative and other expenses of the Corporation, including the expenditures for the fiscal year for any material special projects undertaken by the Corporation and reasonable and proper reserves and provisions for contingencies, an accompanying business plan for the Corporation, and a funding mechanism, for each fiscal year. The annual budget, business plan, and funding mechanism of the Corporation shall be for a fiscal year commencing on January 1 and ending on December 31. Each annual budget, business plan, and funding mechanism (including the annual budget, annual business plan, and annual funding mechanism for each Regional Entity) shall be approved by the Board at a regular meeting or a special meeting of the Board duly called for that purpose. The Board shall approve each annual budget, business plan, and funding mechanism at least 135 days before the start of the fiscal year in order to allow for timely submittal of the approved annual budget, business plan, and funding mechanism to the applicable governmental authorities.

Section 3 — Criteria for Funding Mechanisms — The annual funding mechanism shall be designed to recover, over the course of the fiscal year, the sum of (i) the annual budget, (ii) less revenues projected to be received by the Corporation from other sources such as sales of services and materials and registration, application and certification fees for programs conducted or administered by the Corporation, and (iii) plus or minus the estimated deficiency or excess of the Corporation's revenues compared to its expenditures for the current fiscal year. The annual funding mechanism shall consist of such assessments as determined by the Board that result in an equitable allocation of the Corporation's funding requirement among end users of the North American electric utility system as established in the Corporation's Rules of Procedure.

Section 4 — Consultation in Preparation of Annual Budget, Business Plan, and Funding Mechanism — In preparing the annual budget, business plan, and funding mechanism, the Board shall consult with the members of the Member Representatives Committee, and shall post a draft budget and business plan for review and comment by the members of the Corporation and the Member Representatives Committee and the standing committees of the Corporation for at least thirty (30) days prior to the date of the meeting of the Board at which the annual budget, business plan, and funding mechanism are to be adopted.

Section 5 — Modified or Supplemental Funding Mechanisms — During the course of a fiscal year, the Board may modify the approved funding mechanism or develop and approve a supplemental funding mechanism if determined by the Board to be necessary due to such factors as a shortfall in revenues of the Corporation from projected levels, incurred or anticipated expenditures or new projects not provided for in the annual budget, or such other factors as in the judgment of the Board warrant modification of the funding mechanism for the fiscal year or development of a supplemental funding mechanism. In preparing a modified or supplemental funding mechanism, the Board shall follow the provisions of Section 4 of this Article XIII to the Amended and Restated Bylaws of the North American Electric Reliability Corporation

extent possible in the judgment of the Board in light of the exigency of the circumstances necessitating preparation and approval of the modified or supplemental funding mechanism. Each modified or supplemental funding mechanism shall be approved by the Board at a regular meeting or a special meeting of the Board duly called for that purpose.

Section 6 — Submission of Annual Budgets, Business Plans, and Funding Mechanisms to the Governmental Authorities — Each annual budget, annual business plan, and annual, modified, or supplemental funding mechanism approved by the Board (including the annual budget, annual business plan, and annual, modified, or supplemental funding mechanism for each Regional Entity) shall be submitted by the Corporation to the applicable governmental authorities for approval in accordance with its regulations, except as otherwise provided by applicable law or by agreement, and shall not be effective until it has received any necessary approval by the applicable governmental authorities. If a governmental authority by order modifies or remands an annual budget, business plan, or annual, modified, or supplemental funding mechanism, the Board shall promptly following such order adopt such modifications to the budget, business plan, or funding mechanism as are required or directed by the order of the governmental authority.

ARTICLE XIV

Amendments to the Bylaws

Section 1 — Amendments to the Bylaws — These Bylaws may be altered, amended, or repealed by a majority vote of both the Board and the Member Representatives Committee at respective meetings of the board and the Members Representative Committee at which a quorum is present. Written notice of the subject matter of the proposed changes to the Bylaws shall be provided, as appropriate, to the trustees or to the Member Representatives Committee not less than ten (10) nor more than sixty (60) days prior to the date of the meeting of the board or of the Member Representatives Committee at which the vote is to be taken. Notwithstanding the provisions of this Article XIV, the members of the Corporation voting by Sector shall have the right to alter, amend, or repeal Bylaws adopted by the Board and the Member Representatives Committee and to adopt new Bylaws, provided that any such alteration, amendment, or repeal or the adoption of new Bylaws is approved by vote of two-thirds of the Sectors at a meeting of Members called for that purpose, or by written consent of two-thirds of the Sectors, where the number of votes for and against the proposed alteration, amendment, repeal, or adoption of Bylaws shall be determined in accordance with Section 2 of Article IV. Any alteration, amendment, repeal, or adoption of Bylaws shall be subject to any applicable requirements for filing with or approval by the Commission and any other Applicable Governmental Authority.

ARTICLE XV

General

Section 1 — Indemnification — The Corporation shall indemnify its officers, trustees and other corporate agents to the full extent from time to time permitted by the New Jersey Nonprofit Corporation Act and other applicable law. Such right of indemnification shall inure to the benefit of the legal representative of any such person. The foregoing indemnification shall be in addition Amended and Restated Bylaws of the North American Electric Reliability Corporation

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to, and not in restriction or limitation of, any privilege or power that the Corporation may have with respect to the indemnification or reimbursement of its trustees, officers, or other corporate agents. The Corporation shall also pay or advance expenses incurred by an officer, trustee, or other corporate agent in connection with a proceeding in advance of the final disposition of the proceeding upon receipt of an undertaking by or on behalf of the officer, trustee, or other corporate agent to repay the amount unless it shall be ultimately determined that the officer, trustee, or other corporate agent is entitled to be indemnified by the Corporation.

Section 2 — Parliamentary Rules — In the absence of and to the extent not inconsistent with specific provisions in these Bylaws, meetings or other actions pursuant to these Bylaws shall be governed by procedures that the Board may, from time to time, establish by resolution.

Section 3 — Dissolution — Upon dissolution of the Corporation, in accordance with paragraph TENTH of the Certificate of Incorporation, the remaining assets of the Corporation after payment of debts shall be distributed in the manner determined by the Board, provided, (i) that no part of the assets shall be distributed to any trustee of the Corporation, and (ii) that the distribution of assets shall be consistent with the requirements of Section 501(c)(6) of the United States Internal Revenue Code of 1986, as amended.

Proposed SERC Reliability Corporation Bylaws Amendments

Action

Approve Amendments to the SERC Reliability Corporation (SERC) Bylaws.

Background

The SERC Board of Directors (Board) approved Bylaw amendments (reflected in Attachment 1) regarding SERC's transition from a 501(c)(6) organization to a 501(c)(3) organization under the Internal Revenue Code on June 12, 2024, followed by SERC Members' approval on July 12, 2024.

SERC has decided to transition from a 501(c)(6) to a 501(c)(3) organization to benefit from potential savings that could be realized from such things as sales tax exemption, property tax exemption, and nonprofit discounts from vendors. Additionally, SERC currently does not perform and has never performed lobbying activities. Accordingly, SERC does not need to be registered as a lobbying organization, and therefore 501(c)(6) status is not required for this reason. Furthermore, if SERC were to dissolve, SERC's assets would be transferred to another organization that would continue to serve the important reliability mandate as intended under Section 215 of the Federal Power Act rather than to its Members. Since SERC does not intend to distribute its assets to Members upon dissolution, 501(c)(6) status is not required for this reason.

The amendment to SERC's Bylaws is as follows:

- Distribution of Assets (Article XI, Section 11.2): Upon dissolution of the Corporation as provided in Section 11.1, the residual assets, after payment of all just obligations, shall be distributed exclusively to organizations which are exempt from federal income tax under Section ~~501(c)(6)~~ 501(c)(3) of the Internal Revenue Code ~~of 1986, or corresponding provisions of any subsequent federal tax laws~~, as the Board of Directors shall determine, ~~or to federal, state, or local governments to be used exclusively for public purpose.~~

Next Steps

If approved by the NERC Board of Trustees, NERC will file a joint petition with SERC seeking approval of the proposed amendments to the SERC Bylaws with the Federal Energy Regulatory Commission (FERC).

Attachments:

Attachment 1: REDLINE- SERC Reliability Corporation Bylaws

Attachment 2: CLEAN- SERC Reliability Corporation Bylaws

AMENDED AND RESTATED

BYLAWS

OF

SERC RELIABILITY CORPORATION

A North Carolina Nonprofit Corporation

Approved by the SERC Board of Directors on ~~March 23, 2021~~ June 12,

2024

Effective ~~November 1, 2021~~

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AMENDED AND RESTATED
BYLAWS
OF
SERC RELIABILITY CORPORATION
[Hereinafter referred to as the “Corporation”]
A North Carolina Nonprofit Corporation

ARTICLE I - OFFICES

1.1 **Principal Office**. The principal office of the Corporation shall be located in the City of Charlotte, Mecklenburg County, North Carolina. The Board of Directors (or “the Board”) may by resolution change the location of this office from time to time.

1.2 **Other Offices**. The Corporation may have other offices at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II - PURPOSES

2.1 **General Purposes**. The purpose of the Corporation is to reduce risks to the reliability and security of the electric grid in the SERC Region, as defined in Section 2.2. In pursuit of this goal, the Corporation shall:

- (a) enter into a Delegation Agreement to serve as a Regional Entity pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions;
- (b) promote the development of reliability and adequacy arrangements among the systems in the SERC Region;
- (c) participate in the establishment of Reliability Standards;
- (d) participate in the measurement of performance relative to these Reliability Standards;
- (e) promote conformance to and compliance with these Reliability Standards;

- (f) develop and exchange information with respect to planning and operating matters relating to the reliability and adequacy of the Bulk Power System;
- (g) review as necessary activities in the SERC Region on reliability and adequacy in order to meet Reliability Standards;
- (h) provide a mechanism to resolve disputes on reliability issues in a manner that meets the needs of the parties and the SERC Region; and
- (i) provide information with respect to matters considered by the Corporation, where appropriate, to the Federal Energy Regulatory Commission ("FERC") and to other federal and state agencies concerned with reliability and adequacy.

2.2 **Geographic Area.** The Corporation accomplishes its purposes in a geographic area (the "SERC Region") that is defined in Exhibit A of the Amended and Restated Delegation Agreement Between the North American Electric Reliability Corporation and SERC Reliability Corporation, as amended from time to time.

ARTICLE III - POWERS

3.1 **Powers.** The Corporation shall have the power to engage in any lawful act or activity for which corporations may be organized under the general nonprofit corporation law of the State of North Carolina, subject to any limitations provided in applicable federal or state law or in the Certificate of Incorporation or these Bylaws.

ARTICLE IV - MEMBERSHIP

4.1 **General.** The Corporation shall be a membership corporation. Entities that meet the eligibility requirements, apply for membership in the Corporation, and whose applications have been duly approved by the Board of Directors for admission as a member shall hereinafter be referred to individually as a "Member" or "Member Company" and collectively as "Members" or "Member Companies".

4.2 **Eligibility.** Membership in the Corporation is voluntary and is open to any entity in the SERC Region that is a user, owner or operator of the Bulk Power System, has a material interest in the Bulk Power System in the SERC Region, satisfies the criteria for membership specified in this Section 4.2, qualifies for one or more of the Sectors

defined in Section 4.5, and is subject to the jurisdiction of the Federal Energy Regulatory Commission. Membership in the Corporation is predicated on mandatory acceptance of the responsibility to promote, support, and comply with Reliability Standards of the Corporation and the North American Electric Reliability Corporation ("NERC"), and to assist the Corporation in its compliance with the terms and provisions of a Delegation Agreement (a "Delegation Agreement") with NERC, by which NERC delegates authority to propose and enforce Reliability Standards, pursuant to 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions. For purposes of these Bylaws, the terms "Bulk Power System", "Reliability Standards" and "Regional Entity" shall be as defined in 16 U.S.C. § 824o or the corresponding provisions of any subsequent U.S. Code revisions.

4.3 **Admission of Members**. New Members may join the Corporation upon the approval of a submitted application as provided in this Section 4.3. The application shall designate the Sector the prospective Member wishes to join. The Secretary of the Corporation shall review the membership application and may request additional demonstration by the applicant that it qualifies for membership in a particular Sector. The Board of Directors shall have the sole authority to approve applications for membership upon such criteria as it deems appropriate.

4.4 **Termination**. A Member Company may terminate its membership in the Corporation by giving the Board of Directors at least thirty (30) calendar days prior written notice of its intent to terminate such membership. Such Member Companies shall hereinafter be referred to as "Terminated Member Companies". Terminated Member Companies shall nevertheless continue to be liable for any and all obligations incurred prior to the end of the calendar year in which such notice is effective, including, but not limited to, the obligation to pay a pro rata share of any Corporation expense. In addition, the Board of Directors may terminate the membership of a Member Company if, in the judgment of the Board of Directors, the Member Company has failed to meet its obligations and responsibilities to the Corporation. The termination of the membership, as well as the effective date and terms and conditions of such termination, of a Member Company by the Board of Directors shall require an affirmative vote of at least two-thirds (2/3) of the voting members of the Board of Directors.

4.5 **Sectors**. Each Member Company shall be classified by the Board of Directors in not more than one of the following seven (7) Sectors (each a "Sector", and collectively, the "Sectors"):

- (a) Investor-Owned Utility Sector – This Sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution.
- (b) Federal/State Sector – This Sector includes any U.S. federal entity that owns and/or operates electric facilities and/or provides

electricity for sale at wholesale to their members; balancing authority services, in any of the asset categories of generation, transmission, or distribution; or any entity that is owned by or subject to the governmental authority of a state and that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state.

- (c) Cooperative Sector – This Sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities.
- (d) Municipal Sector – This Sector includes any entity owned by or subject to the governmental authority of a municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating or purchasing.
- (e) Marketer Sector– This Sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in the SERC Region on a physical or financial basis.
- (f) Merchant Electricity Generator Sector – This Sector includes any entity that owns or operates an electricity generating facility or provides balancing authority services for such entities. This includes, but is not limited to, small power producers and all other non-utility producers such as exempt wholesale generators who sell electricity at wholesale.
- (g) ISO-RTO/Reliability Coordinator Sector – This Sector includes any entity that operates a FERC approved ISO or RTO or is an organization that is registered as a Reliability Coordinator on the NERC Compliance Registry.

The classification of a Member Company in a particular Sector may only be changed by the Board of Directors.

4.6 **Transfer of Membership.** A Member Company may not give or otherwise transfer its membership, except to a successor that becomes a Member Company in accordance with Section 4.3 of these Amended and Restated Bylaws, and provided that the successor continues to meet the predecessor's obligations.

4.7 **Member Powers.** The Members shall have the following rights and obligations:

- (a) To elect the Independent Directors;
- (b) To elect the Sector Directors;
- (c) To approve amendments to the Bylaws as recommended by the Board of Directors in accordance with the provisions in Section 13.1 of these Bylaws;
- (d) To approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets as recommended by the Board of Directors; and
- (e) To provide advice and recommendations to the Board of Directors with respect to the development of annual budgets, business plans, and other matters pertinent to the purpose and operations of the Corporation.

Except as expressly set forth in these Amended and Restated Bylaws, the Members shall have no other authority, rights, privileges, or preferences.

4.8 **Annual Meeting of Members.** The Members shall hold at least one Annual Meeting of the Members each year to elect the Independent Directors, elect Sector Directors, and to conduct other such business as may come before the meeting. By resolution adopted at any Annual Meeting of the Members, the Members may provide for additional regular meetings that may be held without further notice to the Members.

At the Annual Meeting of Members: (i) Independent Directors and Sector Directors shall be elected; (ii) the President and Corporate Treasurer shall report on the activities and financial condition of the Corporation; and (iii) the Members shall consider and act upon such other matters as are consistent with the notice of the Annual Meeting of the Members. The failure to hold an annual meeting in accordance with these Bylaws shall not affect the validity of a corporate action.

4.9 **Special Meetings of Members.** Special Meetings of the Members may be called by:

- (a) The Chair of the Board of Directors;
- (b) Any six (6) Directors on the Board of Directors;
- (c) The President/Chief Executive Officer; or

- (d) Members if at least ten percent (10%) of the Members request such a meeting in written form to the Chair of the Board of Directors or the President of the Corporation describing the purpose for which the Special Meeting is to be held.

Not less than seven (7) days prior to the date of the meeting, the Secretary of the Corporation shall provide notice to all Members of the Special Meeting. Notice of the meeting and the costs of the meeting shall be at the expense of the Corporation. The business transacted at a Special Meeting is limited to the purposes stated within the notice of the meeting. Business transacted at a Special Meeting that is not included in those stated purposes is voidable by or on behalf of the Corporation, unless a majority of the Members entitled to vote were present at such meeting or have waived notice of the meeting under Section 4.12.

4.10 **Location of Meetings of Members.** Meetings of Members shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Board Chair or the President/Chief Executive Officer.

4.11 **Conduct of Meetings of Members.** The Board Chair shall conduct and preside at all Meetings of the Members, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Board Vice Chair shall serve as acting Chair and shall preside at all Meetings of the Members, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors.

4.12 **Notice of Meetings.**

- (a) **Notice Requirements.** Notice of all Meetings of the Members must be given at least seven (7) days before the date of a meeting and not more than sixty (60) days before the date of a meeting. The notice must contain the date, time and place of the meeting, instructions for electronic attendance or voting, if applicable, and an agenda of the matters upon which action may be taken at the meeting. A matter may be added to the agenda of a meeting at the meeting upon the affirmative vote of a majority of the votes cast on a motion to amend the agenda. If the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment, notice is not required unless a new record date for the adjourned meeting is or must be fixed. Notice shall be deemed given by the Corporation to the Members when (a) posted on the Corporation's public website in a reasonably prominent location, and (b) sent by mail, facsimile or reputable overnight delivery service or by electronic transmission pursuant to Section 8.8.

- (b) **Waiver of Notice: Objections.** A Member may waive notice of a meeting of Members. A waiver of notice by a Member entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, or by attendance. Attendance by a Member at a meeting is a waiver of notice of that meeting, unless the Member objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

4.13 **Right to Vote: Act of Members.** Each Member shall be entitled to one vote on all matters submitted to a vote of the Members. If a quorum for a meeting of the Members is present, a majority of the votes cast on the matter shall be the act of the Members, except with respect to any matter described in Section 4.14, and is subject to the following additional requirements:

- (a) An affirmative vote from a Member from at least three Sectors is required for any action to pass.
- (b) A negative vote from a Member from at least two Sectors is required for any action to fail.

Abstentions shall not count negatively or positively in tallying the vote; however, the abstaining members' attendance at a meeting shall still count toward the establishment of quorum.

4.14 **Special Voting Requirements.** Notwithstanding any other provision of these Bylaws, and except as set forth in the Articles of Incorporation, two-thirds (2/3) of the votes cast shall be required to amend the Bylaws or the Articles of Incorporation, as provided in Section 13.1 of these Bylaws. The substance of the proposed amendment(s) must be posted in accordance with the provisions of Section 13.1.

4.15 **Quorum.** A quorum for a meeting of Members is necessary for the transaction of business at a meeting of Members. A quorum is established by a majority of the Members. If a quorum for a meeting of the Members is not present, a meeting may be adjourned for that reason by the Members then represented or present.

4.16 **Action by Electronic Communication.** Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of the Members by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 4.12, as well as Quorum requirements in Section 4.15.

4.17 **Voting Member: Proxies.**

- (a) **Designation of Voting Member: Proxies.** Each year prior to the annual meeting of Members, each Member shall designate the individual authorized to vote on Corporation matters on behalf of the Member to the Secretary in writing. A Member may change such designation at any time by providing at least twenty-four (24) hour written notice to the Secretary of the Corporation. Such notice may be provided by electronic transmission. Each Member may only give a proxy to a person who is a member, officer, executive-level employee, or agent of the Member. Alternatively, a Member may give a proxy to a representative of a Member registered in the same Sector.
- (b) **Effective Period.** An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for the next regular or specially scheduled meeting or ballot by electronic transmission. However, a proxy is not valid for more than sixty (60) days from its date of execution.
- (c) **Revocation.** An appointment of a proxy is revocable by a Member. Appointment of a proxy is revoked by the person appointing the proxy either by expiration of the sixty (60) day period, by open declaration at a meeting, or by signing and delivering a revocation in writing or by electronic transmission to the Secretary or other officer or agent authorized to tabulate proxy votes. This may be done either in a statement that the appointment of the proxy is revoked or by a subsequent appointment that shall serve to cancel all prior proxies.

4.18 **Public Notice of Member Meetings.** Notice to the public of the dates, times and places of meetings of the Members, and all nonconfidential material provided to the Members, shall be posted on the Corporation's website at approximately the same time that notice is given to the Members.

4.19 **Posting of Minutes.** Minutes of meetings of Members shall be posted on the Corporation's website once approved.

4.20 **Reimbursement of Member Expenses.** The Corporation will be under no obligation to reimburse Members for expenses associated with their attendance at Annual, regular or Special Meetings of the Members.

ARTICLE V - BOARD OF DIRECTORS

5.1 **General Powers.** The business and affairs of the Corporation shall be managed under the direction of the Board of Directors except as otherwise provided by the Articles of Incorporation or these Amended and Restated Bylaws.

5.2 **Duties.** The Board of Directors shall have all powers accorded to it under law not expressly reserved in whole or in part to the Members under the Articles of Incorporation or these Amended and Restated Bylaws, which shall include by way of example and not by way of limitation of powers, the responsibility to:

- (a) Govern the corporation and oversee its activities;
- (b) Approve Reliability Standards and their modifications utilizing a fair, open, balanced and inclusive process;
- (c) Ensure that the Compliance Monitoring and Enforcement Process is applied consistently;
- (d) Establish and approve an annual budget for submission to NERC;
- (e) Hire the Corporation's president and, upon the recommendation of a majority of the Independent Directors, approve his or her salary;
- (f) Recommend to Members to approve the dissolution, merger or the sale, pledge or transfer of substantially all of the Corporation's assets;
- (g) Form or dissolve Board committees as appropriate;
- (h) Fill vacancies on any of the Board's committees;
- (i) Recommend amendments to the Articles of Incorporation to the Members;
- (j) Recommend amendments to the Bylaws to the Members or approve such amendments as allowed under Section 13.2; and
- (k) Resolve any disputes regarding the Member Companies and the Corporation, if those issues cannot be resolved by the standing committees or subcommittees of the Corporation and are not otherwise subject to NERC's dispute provisions for non-compliance with Reliability Standards.

5.3 **Composition and Eligibility.**

- (a) The Board of Directors shall be comprised of at least eighteen (18) Directors in addition to the President/Chief Executive Officer who shall serve as ex-officio non-voting member of the Board in accordance with Section 6.2(d).
- (b) Fifteen (15) of the Directors, which shall be referred to as Sector Directors, shall be allocated as follows:
 - (i) The Investor-Owned Utility Sector shall have four (4) representatives;
 - (ii) The Federal/State Sector shall have two (2) representatives;
 - (iii) The Cooperative Sector shall have three (3) representatives;
 - (iv) The Municipal Sector shall have three (3) representatives;
 - (v) The Marketer Sector shall have one (1) representative;
 - (vi) The Merchant Electricity Generator Sector shall have one (1) representative; and
 - (vii) The ISO-RTO/Reliability Coordinator Sector shall have one (1) representative.
- (c) Sectors shall recommend their respective Sector Director(s) to the Nominating and Governance Committee from among individuals holding senior management positions in Member organizations, which shall be presented by the Nominating and Governance Committee to the Members for election to the Board of Directors. No two Directors may be employees of a single Member or any affiliate or related party of a Member or any affiliate. In the event of a vacancy, the replacement Director shall be nominated as provided in this Section 5.3(c) and elected by the Members at the next Annual, regular or Special Meeting of the Members.
- (d) At least three (3) but no more than five (5) Directors shall be Independent Directors elected by the Members. An Independent Director is a person (i) who is not an officer or employee of the Corporation; an officer, director, or employee of a Member; or an officer, director or employee of any entity that would reasonably be perceived as having a direct financial interest in the outcome of the Board of Director's decisions; and (ii) who does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors may adopt additional standards for director independence not inconsistent herewith.

- (e) The Independent Directors shall be nominated by the Nominating and Governance Committee, and approved by the Members at the Annual Meeting of the Members, or at such other time as specified by the Board of Directors.
- (f) Any Director which the Board of Directors has determined has a conflict of interest on any matter brought before the Board shall not vote on such matter and shall recuse himself or herself from all Board deliberations concerning such matter.
- (g) There will be no alternates or proxies for Directors.

5.4 **Meetings of the Board of Directors, Notice, Waiver**

- (a) **Meetings**. An annual meeting of the Board of Directors shall be held without notice immediately following the Annual Meeting of the Members. In addition, regular meetings may be held at such time or times as fixed by the Board of Directors. Special meetings of the Board of Directors may be called by the Chair of the Board, the President/Chief Executive Officer, or by any three Directors and shall be held at the principal office of the Corporation, or such other place within the Region as determined by the Chair or the President/Chief Executive Officer.
- (b) **Notice**. Notice of the dates, times, and places of all regular and special meetings of the Board of Directors shall be published by the Secretary and provided to all Directors and Members not less than three (3) days prior to the date of the meeting. Notice shall be deemed given by the Corporation to Directors and Members when:
 - 1) posted on the Corporation's public website in a reasonably prominent location, and
 - 2) sent by mail or electronic transmission to each Director and Member included on the rosters maintained by the Secretary of the Corporation.
- (c) **Waiver**. Any person entitled to notice of a regular or special meeting of the Board of Directors may waive notice thereof. A waiver of notice by a person entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing or by attendance. Attendance by a director at a meeting of the Board is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

5.5 **Election of Board Officers.**

- (a) Biennially, the Board of Directors, upon recommendation of the Nominating and Governance Committee shall elect Board Officers from among the Directors for the positions of Chair and Vice Chair, each for a term of two (2) years beginning on June 1 following the election, or unless otherwise determined by the Board of Directors. No Director may serve in more than one (1) Board Officer position at the same time.
- (b) The Chair may be a Sector Director or an Independent Director. If the Chair is a Sector Director, the Independent Directors shall designate a lead Independent Director that the Chair shall consult with regularly on agendas and other matters of importance. If the Chair and the Vice Chair are Independent Directors, the Sector Directors shall designate a lead Sector Director that the Chair shall consult with regularly on agendas and other matters of importance.
- (c) The Chair shall conduct and preside at all meetings, be responsible for the preparation of the agenda, serve as ex-officio non-voting member to all Board committees, and carry out all other duties assigned by the Board of Directors. In the Chair's absence, the Vice Chair shall serve as acting Chair and shall preside at all meetings, be responsible for the preparation of the agenda, and carry out all other duties assigned by the Board of Directors. In the event that a Board Officer cannot complete his or her term, the Board of Directors may hold a special election to elect a replacement Board Officer for the remainder of the unexpired term.

5.6 **Terms of Sector Directors.** The Sector Directors shall be divided into two groups, Group 1 and Group 2, with the number of Sector Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on June 1, or unless otherwise designated by the Board of Directors, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Sector Directors may be extended beyond a two (2) year term or be less than a two (2) year term as deemed necessary by the Members.

5.7 **Terms of Independent Directors.** The Independent Directors shall be divided into two groups, Group 1 and Group 2, with the number of Independent Directors in each group divided as nearly equal as possible. Each group shall serve for two (2) year terms beginning on June 1, or unless otherwise designated by the Board of Directors, with the start of the term for Group 1 beginning in alternating years from the start of the term for Group 2. Terms of Independent Directors may be extended beyond a two (2)

year term or be less than a two (2) year term as deemed necessary by the Members. No Independent Director shall serve more than four (4) terms.

5.8 **Vacancies and Removal.** If a Director resigns, dies, changes corporate affiliation or is removed during the term of office for which elected, the position shall thereupon be vacant and shall be filled as soon as practicable and in accordance with the same procedures that the position had previously been filled. The successor Director shall hold office for the unexpired portion of the term of the director replaced. An Independent Director or Sector Director may be removed by the affirmative vote of two-thirds (2/3) of the remaining Directors. Any Director may be removed by the Board of Directors for non-attendance at three or more consecutive Board meetings. Any Independent or Sector Director removed by the Board of Directors under this Section 5.8 may not be reelected to the Board.

5.9 **Agenda.** As far in advance of each regular and special meeting as practical, an agenda shall be distributed to Directors and other participants.

5.10 **Compensation and Reimbursement.** Sector Directors shall not receive any compensation from the Corporation for their services to the Corporation as Directors on the Board. Independent Directors shall be entitled to such compensation as indicated by a Board policy, if any. Independent Directors shall have the right to reimbursement by the Corporation of their actual reasonable travel expenses to Board of Directors meetings or when specifically selected to represent the Corporation at a business meeting, subject to Board policy as adopted from time to time, if any. Sector Directors shall not be reimbursed by the Corporation for any expenses, unless specifically approved in advance by resolution of the Board of Directors.

5.11 **Quorum.** A quorum is necessary for the transaction of business at a meeting of the Board of Directors. A quorum is established by the presence of a majority of the Directors entitled to vote at a meeting, provided that a majority of the Independent Directors must also be present to constitute a quorum. Electronic participation is acceptable if authorized by the Board Chair at that meeting. If a quorum for a meeting of the Board of Directors is not established, a meeting may be adjourned for that reason by the Directors then represented or present.

5.12 **Voting.** Each voting Director on the Board of Directors shall have one vote with respect to decisions of the Board of Directors. The President of the Corporation shall be an ex-officio member of the Board without vote and shall not be counted for quorum purposes. The positive vote of a majority of the voting directors is necessary to pass a particular action, except with respect to any matter described in Sections 4.4, 4.13, 4.14, 11.1, and 13.1, and is subject to the following additional requirements:

- (a) An affirmative vote from a Director from at least three Sectors is required for any action to pass.

- (b) A negative vote from a Director from at least two Sectors is required for any action to fail.

For voting purposes, the Independent Directors shall constitute its own Sector.

5.13 **Action Without a Meeting.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors or by a Board Committee, may be taken without a meeting if all members of the Board or Board Committee consent thereto in writing or by electronic transmission, and the writing(s) or electronic transmission(s) are included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this section is effective when the last Director consents unless the consent specifies a different effective date. A consent signed under this section has the effect of a meeting vote.

5.14 **Action by Electronic Communication.** Unless otherwise restricted by the Articles of Incorporation, these Amended and Restated Bylaws, or by applicable law, the Members may participate in a meeting of Directors by means of a conference telephone or similar communication equipment whereby all persons participating in the meeting can hear each other and participate in such manner and shall constitute presence in person at such meeting. Meetings held by electronic communication are subject to the Notice requirements in Section 5.4, as well as Quorum requirements in Section 5.11.

ARTICLE VI - CORPORATE OFFICERS

6.1 **Corporate Officers.** The Board of Directors shall appoint a President/Chief Executive Officer, one or more Vice Presidents, a Secretary, and a Treasurer of the Corporation. Two (2) or more of such offices may be held by the same person, except for the offices of President/Chief Executive Officer and Secretary. The Board of Directors may appoint such other officers and assistant officers as it deems necessary.

6.2 **President/Chief Executive Officer.** The President shall be the Chief Executive Officer of the Corporation and shall manage the operations of the Corporation to the end that its purposes shall be accomplished. The President shall:

- (a) Promote the mission of the Corporation and implement the goals and objectives of the Corporation;
- (b) Report to the Board of Directors and carry out the policies and procedures set by the Board of Directors;
- (c) Represent SERC at all NERC Stakeholder and Board of Trustees, meetings, as appropriate;

- (d) Attend all Board of Directors meetings and serve as ex-officio non-voting member of (i) the Board of Directors, and (ii) all Board committees;
- (e) Coordinate subregional activities and interregional affairs, to include data collection;
- (f) Oversee the business affairs of the Corporation, including the Corporation staff, and enact such policies and procedures for staff as are needed to implement the goals and objectives of the Corporation; and
- (g) Provide other assistance to the Corporation and NERC, as appropriate.

6.3 **Vice President.** The Corporation may have one or more Vice Presidents. A Vice President of the Corporation shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board of Directors or the President/Chief Executive Officer. In the absence of the President/Chief Executive Officer, or in the case of the President/Chief Executive Officer's inability to act (because of death, resignation, removal, disqualification, or otherwise), a Vice President of the Corporation may be appointed to perform the duties and exercise the powers of the President/Chief Executive Officer, subject to the control of the Board of Directors.

6.4 **Secretary.** The Secretary of the Corporation shall be custodian of and shall maintain the corporate books, records and the minutes of the meetings of the Board of Directors and other Corporation-related meetings and shall assure that all required notices are duly given in accordance with these Bylaws, the Articles of Incorporation or as otherwise may be required by law. The Secretary of the Corporation shall also be the custodian of the seal of the Corporation. The Secretary of the Corporation shall, in general, perform all duties incident to the office of Secretary of the Corporation and such other duties as may, from time to time, be assigned to him or her by the Board of Directors or the President/Chief Executive Officer.

6.5 **Treasurer.** The Treasurer of the Corporation shall have charge and custody of, and be responsible for, all funds and securities of the Corporation and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws. The Treasurer of the Corporation shall, in general, perform all of the duties incident to the office of Treasurer of the Corporation and such other duties as from time to time may be assigned to him or her by the Board of Directors or the President/Chief Executive Officer.

ARTICLE VII - BOARD COMMITTEES

7.1 **Designation by Board**. The Board of Directors may designate Board Committees as shall be necessary to address the purposes of the Corporation.

7.2 **Authority**. The powers and duties of Board Committees shall be subject to general policies and procedures established by the Board and shall be at all times subject to the control and direction of the Board. Board Committees shall include a Board Risk Committee, a Human Resources and Compensation Committee, a Finance and Audit Committee, a Nominating and Governance Committee, and such other Board Committees as the Board may authorize from time to time. All Board Committees and the chairs thereof, unless the appointment of the chair is otherwise designated by these Bylaws or the Board committee's charters, shall be nominated by the Nominating and Governance Committee and approved by the Board. The Board may act by and through the Board Committees as may be specified in resolutions adopted by the Board. With the exception of the Finance and Audit Committee as specified in Section 7.5 and in that committee's charter, Committee members must be Directors of the Board.

7.3 **Board Risk Committee**. The Board Risk Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Board Chair shall be ineligible to serve as Chair of the Board Risk Committee. The Board Risk Committee shall be responsible for overseeing the Corporation's risk management framework; providing oversight over management and the Technical Committee's assessments of external risks to the SERC Region; and periodically reporting these risks oversight findings to the Board of Directors.

7.4 **Human Resources and Compensation Committee**. The Human Resources and Compensation Committee shall consist of up to seven (7) members of the Board, at least two (2) of which shall be Independent Directors. The purpose of the Human Resources and Compensation Committee is to assist the Board in fulfilling its fiduciary duties as they pertain to determining appropriate compensation levels and ensuring that compensation methods are consistent with the Corporation's mission, vision, and values. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation strategies, policies and plans that will enhance the Corporation's ability to attract and retain skilled top-level leadership. The Human Resources and Compensation Committee shall assist the Board in developing and implementing compensation policies for Independent Directors.

In achieving these objectives, it shall be the responsibility of the Human Resources and Compensation Committee to establish a rebuttable presumption of reasonableness under the Intermediate Sanctions rules for the compensation of all employees who are deemed to be Disqualified Persons as defined under the Internal Revenue Code and any implementing regulations.

7.5 **Finance and Audit Committee.** The Finance and Audit Committee shall be composed of not less than three (3) and no more than five (5) members of the Board, at least one (1) of which shall be an Independent Director. The Finance and Audit Committee may include a non-Director as a member if the Committee so determines that financial expertise is needed that is not available among the Directors of the Board. The Finance and Audit Committee must be chaired by a Director of the Board. The Finance and Audit Committee's purpose is to assist the Board in its oversight of the financial affairs of the Corporation, including the financial condition, operating and capital budgeting, external audits, debt structure, debt financing and refinancing, investments, and other significant financial matters. The Finance and Audit Committee shall review all issues involving significant financial transactions prior to final consideration by the Board.

7.6 **Nominating and Governance Committee.** The Nominating and Governance Committee shall consist of up to five (5) members of the Board, at least one (1) of which shall be an Independent Director. The purpose of the Nominating and Governance Committee is to identify and recommend qualified individuals for appointment as Directors as well as assist the Board by reviewing governance documents and recommending modifications as needed.

- (a) Independent Director Nominations. The Nominating and Governance Committee shall seek out for nomination Independent Directors from diverse backgrounds, who will contribute to the effective functioning of the Board of Directors and the Corporation by bringing a broad range of industry expertise, viewpoints, experiences, skill sets, and knowledge. If an incumbent Independent Director is not re-nominated, the Nominating and Governance Committee will use reasonable efforts to ensure that diverse candidates are in the pool of potential nominees for the open Independent Director position and may retain an independent consultant to identify individuals qualified and willing to serve as an Independent Director. Independent Director nominations will be recommended to the Members for approval
- (b) Sector Director Nominations. The Nominating and Governance Committee shall coordinate with the Sector Members to collect appropriate candidates for the Sector Directors to be recommended to the Members for approval.
- (c) Officer and Committee Nominations. The Nominating and Governance Committee shall assist the Board by identifying and recommending appointments for Officers of the Board and for appointments of Board Committees and Board Committee chairs.
- (d) Governance Document Review. The Nominating and Governance Committee shall assist the Board in fulfilling its fiduciary duties as they pertain to reviewing the organization's Bylaws and governing policies and procedures and recommending changes as needed.

(e) Fiduciary Duty Training. The Nominating and Governance Committee shall ensure that annual fiduciary duty training is provided to the Board of Directors.

7.7 **Rules for Governance.** Each Board Committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each Board Committee shall maintain its rules for governance in a written charter that is approved by the Board.

7.8 **Ad-Hoc Committees.** The Board or its Board Committees may, from time to time, appoint ad-hoc committees to research and/or advise it on compliance or technical issues or matters, among other things. Such ad-hoc committees may be formed on an as-needed basis and may vary in makeup depending on the needs of the Board or Board Committees. Committee members of ad-hoc committees need not be Directors unless otherwise stated in the Board resolution creating such committee.

7.9 **Support Committees of the Corporation.** In addition to Board Committees and ad-hoc committees of the Board, the Board may by resolution create Technical Committees of the Corporation as the Board deems necessary to carry out the purposes of the Corporation. Such Technical Committees shall be representative of members of the Corporation. They shall provide for balanced decision making, and include persons with outstanding technical knowledge and experience. The membership of the Technical Committees shall be determined based upon experience, expertise and the needs of the Board, the Board Committees, or the Corporation. All Technical Committees formed under this Section 7.9 shall be subject to the direction and control of the Board. Each Technical Committee shall adopt rules for its own governance that are not inconsistent with these Bylaws, rules adopted by the Board, applicable NERC or FERC rules or regulations, or applicable state or federal laws. Each Technical Committee shall maintain its rules for governance in a written charter that is approved by the Board.

The Board shall conduct a review of all Committees of the Corporation on an annual basis to ensure that the business of the Corporation is conducted in an efficient, cost-effective manner.

ARTICLE VIII - MISCELLANEOUS

8.1 **Conflicts of Interest.** All Directors and Board committee representatives shall comply with the Corporation's policies that prohibit conflicts of interest, as such conflicts could cast doubt on the ability of such persons to act with total objectivity with regard to the overall interests of the Corporation.

8.2 **Contracts.** The Board of Directors may authorize any officer or agent of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into

any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

8.3 **Checks, Drafts, or Orders.** All checks, drafts, or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by an authorized officer or agent of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.4 **Deposits.** All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Corporation's President/Chief Executive Officer may select.

8.5 **Books and Records.** The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Members, the Board of Directors, and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the Directors and Members. All books and records of the Corporation may be inspected by any Director, or agent or attorney representing any Director, for any proper purpose at any reasonable time.

8.6 **Seal.** The corporate seal shall be in circular form and shall have inscribed thereon the name of the Corporation, the words "Corporate Seal", and such other word or words, if any, as may be determined by the Board of Directors to be inscribed thereon.

8.7 **Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

8.8 **Notice.** With respect to any notice requirements contained in these Bylaws, notice shall be delivered or given either personally, by mail (including U.S. postal service, electronic mail, and any nationally recognized delivery service), or by facsimile. Any notice sent by United States mail shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid addressed to the notice recipient at the recipient's address as it appears on the records of the Corporation. If notice is provided in person, by electronic mail, or by facsimile, such notice shall be deemed to be delivered when transmitted for delivery to the recipient.

8.9 **Waiver of Notice.** Whenever any notice is required to be given under the provisions of the North Carolina Nonprofit Corporation Act or under the provisions of the articles of incorporation or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

8.10 **Policies and Procedures.** The Directors shall execute and abide by the conflicts of interest policy as may be adopted and amended from time to time by the Board

of Directors. The officers of the Corporation and Directors shall abide by such other policies and procedures as may be adopted from time to time by the Board of Directors.

ARTICLE IX - EXPENSES

9.1 **Allocation of Specific Expenses.** The expenses of Directors and Board Officers shall be borne by that person's regular employer except for expenses of Independent Directors related to their duties associated with the Board of Directors. Expenses of Independent Directors shall be reimbursable subject to these Amended and Restated Bylaws and the Board's policy as may be amended from time to time, if any.

9.2 **Statutory Functions.** The Corporation anticipates that as a general rule all of its expenses shall be incurred in the furtherance of statutory activities pursuant to Section 215 of the Federal Power Act, and that all such expenses shall be funded by NERC, subject to FERC approval.

9.3 **Non-Statutory Functions.** Notwithstanding Section 9.2, the Board of Directors may from time to time authorize the Corporation to participate in non-statutory activities (i.e., activities not described in Section 215 of the Federal Power Act). In the event that the Corporation proposes to engage in non-statutory activities, such activities shall be identified in the Corporation's annual business plan that is submitted to NERC and, if approved by NERC, shall be submitted to FERC for approval in advance of engaging in such non-statutory activities. The expenses incurred by the Corporation for any such approved non-statutory activities shall be allocated by the Board of Directors to the beneficiaries of such activities on a basis proposed in the business plan submitted for NERC and FERC approval.

ARTICLE X - DISPUTE RESOLUTION PROCESS

10.1 **Dispute Resolution.** All disputes regarding non-compliance with Reliability Standards shall be handled in accordance with the NERC Rules of Procedure. The organizational units of the Corporation shall deal with all other disputes within the framework of their respective organizations. For such other disputes, Member Companies of the Corporation are encouraged to utilize the appropriate Dispute Resolution Process within the Corporation prior to seeking resolution at NERC, FERC, or with legal counsel.

ARTICLE XI - DISSOLUTION

11.1 **Dissolution**. The Corporation may be voluntarily dissolved upon unanimous consent of the Board of Directors to recommend dissolution followed by approval by the Members of the Board's recommendation, and in accordance with Section 55A-14-02 of the North Carolina Nonprofit Corporation Act, as amended from time to time.

11.2 **Distribution of Assets**. Upon dissolution of the Corporation as provided in Section 11.1, the residual assets, after payment of all just obligations, shall be distributed exclusively to organizations which are exempt from federal income tax under Section ~~501(c)(6)~~501(c)(3) of the Internal Revenue Code ~~of 1986, or corresponding provisions of any subsequent federal tax laws~~, as the Board of Directors shall determine, or to federal, state, or local governments to be used exclusively for public purpose.

ARTICLE XII - INDEMNIFICATION

12.1 **Indemnification of Directors, Committee Members, Officers, Employees and Agents**. Every person who is, or has served as, a Director, committee member, Officer, employee, or agent of the Corporation shall be indemnified by the Corporation in the manner and to the extent authorized by the North Carolina Nonprofit Corporation Act. The foregoing rights of indemnification shall be without prejudice to any other rights to which any such Director, committee member, Officer, employee, or agent may be entitled as a matter of law.

ARTICLE XIII - AMENDMENT OF THE BYLAWS AND ARTICLES OF INCORPORATION

13.1 **Amendment Process**. Any proposal to amend the Articles of Incorporation or Bylaws (an "Amendment") shall first be put before the Board of Directors at any regular or special meeting for a vote to recommend such Amendment to the Members. Copies of the proposed Amendment shall be distributed to the Board of Directors at least thirty (30) calendar days before the meeting at which they are to be considered. A recommendation that the Members approve the Amendment shall be approved by at least two-thirds (2/3) of the Board of Directors, provided that a quorum is present. Upon approval of the recommendation by the Board, the Members may approve the recommended Amendment at any regular or special meeting. Copies of the proposed Amendment shall be distributed to the Members at least thirty (30) calendar days before the Meeting of the Members at which they are to be considered. An Amendment

Approved by the SERC Board of Directors on June 12, 2024

Approved by the NERC Board of Trustees on

Approved by the Federal Energy Regulatory Commission on

recommended by the Board of Directors shall be adopted and proposed to the NERC Board of Trustees for approval after being approved by at least two-thirds (2/3) of the Members, provided that a quorum of the Members is present.

13.2 **Board Amendment of Bylaws.** Notwithstanding the Members reserved power in Section 4.7 or the amendment process outlined in Section 13.1, upon the passage of any federal electric reliability legislation, and/or the adoption of any rules or regulations of FERC, NERC or other governmental entity with jurisdiction, the Board shall have authority to amend these Bylaws as necessary and appropriate to comply with such law, legislation, rules and regulations.

Revisions to Appendix 4E of the NERC Rules of Procedure

Action

Approve proposed revisions to Appendix 4E of the NERC Rules of Procedure (“ROP”) and direct staff to file the revised ROP with the applicable governmental authorities for approval.

- Appendix 4E CCCPP-004-3 – NERC Compliance and Certification Committee Hearing Procedures
 - [\[Clean\]](#) [\[Redline to last approved\]](#)
- Appendix 4E CCCPP-005-2 – NERC Compliance and Certification Committee Hearing Procedures for Use in Appeals of Certification Matters
 - [\[Clean\]](#) [\[Redline to last approved\]](#)
- Appendix 4E CCCPP-006-3 – NERC Compliance and Certification Committee Mediation Procedures
 - [\[Clean\]](#) [\[Redline to last approved\]](#)
- [\[Consideration of Comments\]](#)
- [\[Summary of Changes\]](#)

Background

As a stakeholder committee serving and reporting directly to the NERC Board of Trustees (“Board”), the Compliance and Certification Committee (“CCC”) engages with, supports, and advises the NERC Board and NERC regarding the NERC Compliance Monitoring and Enforcement Program (“CMEP”), Organization Registration and Certification Program (“ORCP”), and the Reliability Standards development program in accordance with the ROP. Appendix 4E to the ROP includes three procedures developed as part of the CCC’s role to act as: (1) a hearing body in matters where NERC is the sole Compliance and Enforcement Authority (“CEA”); (2) a hearing body in the Certification Appeals process; and (3) as directed by the NERC Board, as a mediator in disagreements or disputes between NERC and the Regional Entities concerning NERC performance audits of Regional Entities’ compliance programs. The procedures include the following:

- *CCCPP-004-3 – NERC CCC Hearing Procedures*: Under Section 404 of the NERC ROP and the CCC Charter, the CCC serves as a hearing body in appeals from Registered Entities when NERC, acting as the CEA when there is not a delegation agreement in effect with a Regional Entity for a geographic area, directly monitors Bulk Power System owners, operators, and users for compliance with Reliability Standards. The procedures in CCCPP-004-3 govern such appeals.

- *CCCPP-005-2 – NERC CCC Hearing Procedures for Use in Appeals of Certification Matters:* Pursuant to Appendix 5A of the NERC ROP, the CCC serves as a hearing body in appeals for an Organization Certification finding. The procedures in CCCPP-005-2 are incorporated by reference into Appendix 5A of the NERC ROP and govern the appeals process of certification matters before the CCC.
- *CCCPP-006-3 – NERC CCC Mediation Procedures:* As directed by the NERC Board, the CCC may serve as the mediator for any disagreements or disputes between NERC and the Regional Entities concerning NERC performance audits of Regional Entities' compliance programs (e.g., audits conducted pursuant to NERC Rules of Procedure Appendix 4A). The procedures in CCCPP-006-3 govern such mediation.

Summary

The purpose of the proposed revisions is to align the CCC hearing and mediation procedures with updates to the NERC ROP provisions administering the CMEP that became effective in May 2022, reflecting dissolution of Southwest Power Pool Regional Entity and the Florida Reliability Coordinating Council Regional Entity, and other hearing procedures in Attachment 2 to Appendix 4C of the NERC ROP. The proposed revisions are relatively non-substantive but help to ensure Appendix 4E is consistent and up to date with other provisions of the ROP.

NERC coordinated with the CCC in reviewing the procedures and developing revisions. The CCC approved the procedures for NERC ROP posting at its April 27, 2022 (CCCPP-006) and April 26, 2023 (CCCPP-004 and CCCPP-005) meetings. Consistent with Article XI, Section 2 of the NERC Amended and Restated Bylaws, NERC requested public comment on the proposed revisions to the ROP, Appendix 4E. The 45-day comment period began on April 30, 2024 and ended on June 14, 2024. NERC coordinated with members of the CCC on reviewing and responding to comments received from industry stakeholders on the proposed revisions. Each of the comments received is summarized and addressed in the Consideration of Comments, through the hyperlink provided above. The full comments from stakeholders are also posted on the [ROP page](#) of the NERC website.

The proposed revisions in CCCPP-004-3 remove references to challenges brought by Regional Entities. In addition, the term "CEA" was changed to "NERC" throughout the procedure. With the dissolution of Southwest Power Pool Regional Entity and the Florida Reliability Coordinating Council as a Regional Entity, there are no longer any Regional Entities complying with NERC Reliability Standards. As such, the only instances where the CCC would hear a challenge are from a Registered Entity monitored directly by NERC. Finally, other revisions included terms and nomenclature updates to conform with other provisions of the ROP and other clarifying updates to the procedure.

The proposed revisions in CCCPP-005-2 align the certification appeals procedure with CCCP-004-3 and the hearing procedures in Attachment 2 to Appendix 4C to help ensure consistency across hearing procedures. As there have been revisions to both CCCPP-004 and the Attachment 2 hearing procedures since CCCPP-005-1 was approved in 2010, there are a significant number of proposed revisions to update the procedure, including updating the template. In addition, given the incorporation by reference in the ROP, the proposed revisions add CCCPP-005-2 in full to Appendix 4E, which had inadvertently omitted CCCPP-005-1 during its revision in 2019.

The proposed revisions in CCCPP-006-3 update the introduction language to clarify the CCC's role in mediation. In addition, the proposed revisions clarify the provisions regarding providing mediator training to CCC members serving as mediators and what CCC members are eligible to serve as mediators. Other minor, clarifying changes and updates for readability or conformance with other ROP hearing procedures were made.

Personnel Certification Governance Committee (PCGC) Report

Action

Information

PCGC Highlights

The PCGC held meetings on February 13-14 and April 30-May 1, 2024. The meetings included discussion regarding increasing credential maintenance fees in preparation for a new System Operator Certification Continuing Education Database (SOCCED) vendor to accommodate future program changes. The PCGC voted on a phased-in implementation of credential maintenance fee increases effective January 1, 2025, and January 1, 2026. Additionally, several PCGC subgroups are actively involved in supporting the future program changes and the move to the new Exam Development and Delivery vendor. The PCGC continues to update the Standing Committee Coordinating Group on future program changes.

Topics for Board of Trustees (Board) Feedback

In the PCGC's ongoing effort to improve the System Operator Certification and Credential Maintenance Programs the Committee would welcome any feedback or guidance from the Board on the following areas:

1. Performance Metrics:
 - Are there key measures/metrics you consider most critical for measuring the success/effectiveness of the PCGC?
 - How frequently would you like to receive updates on our progress and performance?
2. Collaboration and Communication:
 - How can we improve our communication and collaboration with the Board to ensure alignment and transparency? Other Committees?
3. Feedback on future program changes.
4. Are there specific areas where you believe we need to increase our focus or resources?
5. Are there specific technological advancements or trends you believe we should be focusing on?

Upcoming Activities

- Review of SOCCED Request for Proposal vendor responses and selection of a new SOCCED vendor (Q3-Q4)
- Industry outreach regarding program changes (Q1-Q2 2025)
- Submit Standard Authorization Request for PER-003-2 Operating Personnel Credentials (Q2-Q3 2025)

For additional information regarding the committee the following is a link to our webpage:

[PCGC Webpage](#)

Compliance and Certification Committee (CCC) Report

Action

Information

CCC Highlights

At its second quarter meeting, the CCC addressed two work plan priorities highlighted below:

- The CCC discussed industry use of guidance tools such as Reliability Guidelines, Practice Guides, and Implementation Guidance and how these tools may provide assurance to the ERO Enterprise that reliability risks are addressed in ways other than Reliability Standards requirements. The CCC will report on additional highlights from this discussion in the 2024 Stakeholder Perceptions Report, which the CCC produces annually to provide the Board of Trustees (Board) insights into how industry perceives ERO Enterprise regulatory programs.
- In an effort to raise awareness of the Program Alignment Consistency Reporting tool the CCC, in collaboration with the ERO Enterprise, held a webinar on May 22, 2024. The consistency tool is intended to enhance efforts to identify, prioritize, and resolve alignment issues across the ERO Enterprise. The webinar is available on the NERC website: [Program Alignment/Consistency Tool Webcast](#).

Board Discussion

As the CCC continues to complete its 2024 workplan and charter obligations, the Committee would welcome any Board guidance on the 2023 Stakeholder Perceptions Report (the Report). [The Report](#), included in the Board package, provides NERC with an assessment of stakeholders' perceptions regarding the policies, programs, practices, and effectiveness of the NERC Compliance Monitoring and Enforcement Program (CMEP) and the Organization Registration and Certification Program.¹ In 2023, the Committee focused on the following issues:

- Q1 2023 – ERO Enterprise Program Alignment Process and Consistency Efforts
- Q2 2023 – Framework to Address Known and Emerging Reliability and Security Risks
- Q3 2023 – Measuring Residual Risk and Self-Logging
- Q4 2023 – Align/Secure Evidence Locker (SEL) Feedback

The Program and comments generally illustrated positive trends in evaluations, indicating industry's view of continued enhancements to the ERO Enterprise programs, efficiency and effectiveness. In addition, the CCC developed recommendations for the ERO Enterprise to consider in its efforts to continuously improve its programs. These recommendations are provided in the Report, although the CCC collaborates with the ERO Enterprise throughout the year on feedback and recommendations.

¹ The 2023 report is the third report provided by the CCC in this format since NERC's comprehensive Stakeholder Perception Surveys were eliminated in 2019. Topics are addressed each quarter, covering a wide variety of issues related to programs under the purview of the CCC.

The Report is the culmination of industry engagement and feedback and is intended to memorialize the CCC discussions each year. It does not suggest that subsequent actions to address issues wait for publication of this document. Rather, the CCC in its collaboration with the ERO Enterprise, considers strategies that address areas of improvement as they are identified. It is our understanding that ERO Enterprise staff incorporates many of the findings addressed in the report into internal conversations, well before the publication of the report.

Collaboration Activities

The CCC and other Standing Committees continue to work with NERC and the SCCG on revisions to the overall risk framework.

The Committee is also interested in bringing industry perspectives to support efforts recently initiated by NERC in its collaboration with FERC to enhance the CMEP program.

Upcoming Activities

- Development of 2025 Work Plan
- Industry review of Align Tool (Part of Q4 Focused Discussion)
- 2025-2027 sector and at-large nominations
- Annual sunset review of task forces
- CCC charter and subcommittee scope review
- Annual review of appropriate process documentation

For additional information regarding the Committee the following is a link to our webpage: [CCC Webpage](#).

Reliability and Security Technical Committee (RSTC) Report

Action

Information

RSTC Highlights

The RSTC held meetings on June 11-12, 2024. The meeting included a review of High Priority Work Plan items to address the RSTC Strategic Plan Risk Priorities as well as a number of documents produced by RSTC subgroups. Additionally, several RSTC subgroups are actively involved in supporting standard development projects. As part of the RSTC Standard Authorization Request (SAR) development process, any RSTC subgroup that develops a SAR accepted by the Standards Committee (SC) will provide technical assistance to the SAR and Standard Drafting team(s). The RSTC has been leading the way and coordinating with Standards Development to address Energy Assurance as well as practical Gas-Electric Coordination. In addition, the RSTC has supported NERC's efforts to examine the integration of DER aggregators and the potential impacts of the bulk power system. Further, the RSTC's activities to study the impacts of Inverter-Based Resource Performance were a cornerstone of NERC's initiatives to update registration and begin updating Reliability Standards to better reflect the integration of these resources and welcome them / and their contributions. In terms of security, the RSTC has worked on sharing lessons learned, cloud computing, and supply chain awareness. During the March 2024 meeting, the RSTC held a panel addressing the emerging risk of large loads and electric vehicles and is considering establishing two task forces to address these issues in an expedient manner.

Topics for Board of Trustees (Board) Feedback

In the RSTC's ongoing effort to determine opportunities for input to assist in meeting its strategic plan and Charter obligations, the following are areas that the Committee would welcome any feedback or guidance from the Board. For the August meeting we would welcome any feedback from the Board on item number 1. Over future meetings we will seek feedback from the Board on the other areas but of course welcome feedback and guidance at any time.

1. Feedback on Current Initiatives and Priorities:

- What is your assessment of our current initiatives and their alignment with NERC's overall strategic objectives?
 - RSTC initiatives are identified in Chapter 2 of our [2024-2025 Strategic Plan](#), and include formation of the Large Loads Task Force and the Electric Vehicle Task Force.
- Are there specific areas where you believe we need to increase our focus or resources?
- Are there specific technological advancements or trends you believe we should be focusing on?

2. Prioritization of Projects:

- What factors are most important to support prioritizing our projects?

- Are there specific projects or areas where you believe our involvement could provide the most value?
3. Expectations for Future Initiatives:
 - What are your expectations for the RSTC in terms of supporting NERC's strategic goals over the next 3-5 years?
 - Are there emerging risks or challenges that you believe we should prioritize in our future work plans?
 4. Strategic Vision and Long-Term Planning:
 - How do you see the RSTC's role evolving in the next decade, and what strategic initiatives should we consider to stay ahead of industry changes?
 - What long-term goals would you like to see the RSTC set to ensure sustained reliability and security of the BPS?
 5. Performance Metrics:
 - Are there key measures/metrics you consider most critical for measuring the success/effectiveness of the RSTC?
 - How frequently would you like to receive updates on our progress and performance?
 6. Collaboration and Communication:
 - How can we improve our communication and collaboration with the Board of Trustees to ensure alignment and transparency? Other Committees?
 - How can we improve publicizing the sector and at-large nomination periods to help encourage more robust sector participation?
 7. Risk Management:
 - Are there improvements to how the RSTC is defined in the ERO's risk assessment and mitigation strategies and their role?

Collaboration Activities

As the Standing Committees continue to work on the overall risk framework and prioritization and determine a more efficient and effective process with increased engagement and collaboration, the RSTC and the SC held a joint meeting to discuss an overview of each committee, the SAR development process, and future collaboration opportunities.

Upcoming Activities

- Annual Sunset Review of Working Groups and Task Forces
- RSTC Charter Amendments
- Annual Strategic Plan Update
- FRAA Endorsement (review and endorse)
- Long-Term Reliability Assessment (review and comment period)
- Winter Reliability Assessment (review and comment period)
- Sector Nominations / Elections (October/November)

- At-large Nominations (December 2024) and slate selection (January 2025)

For additional information regarding the committee the following link is a link to our webpage:

[RSTC Webpage](#)

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Reliability and Security Technical Committee Report

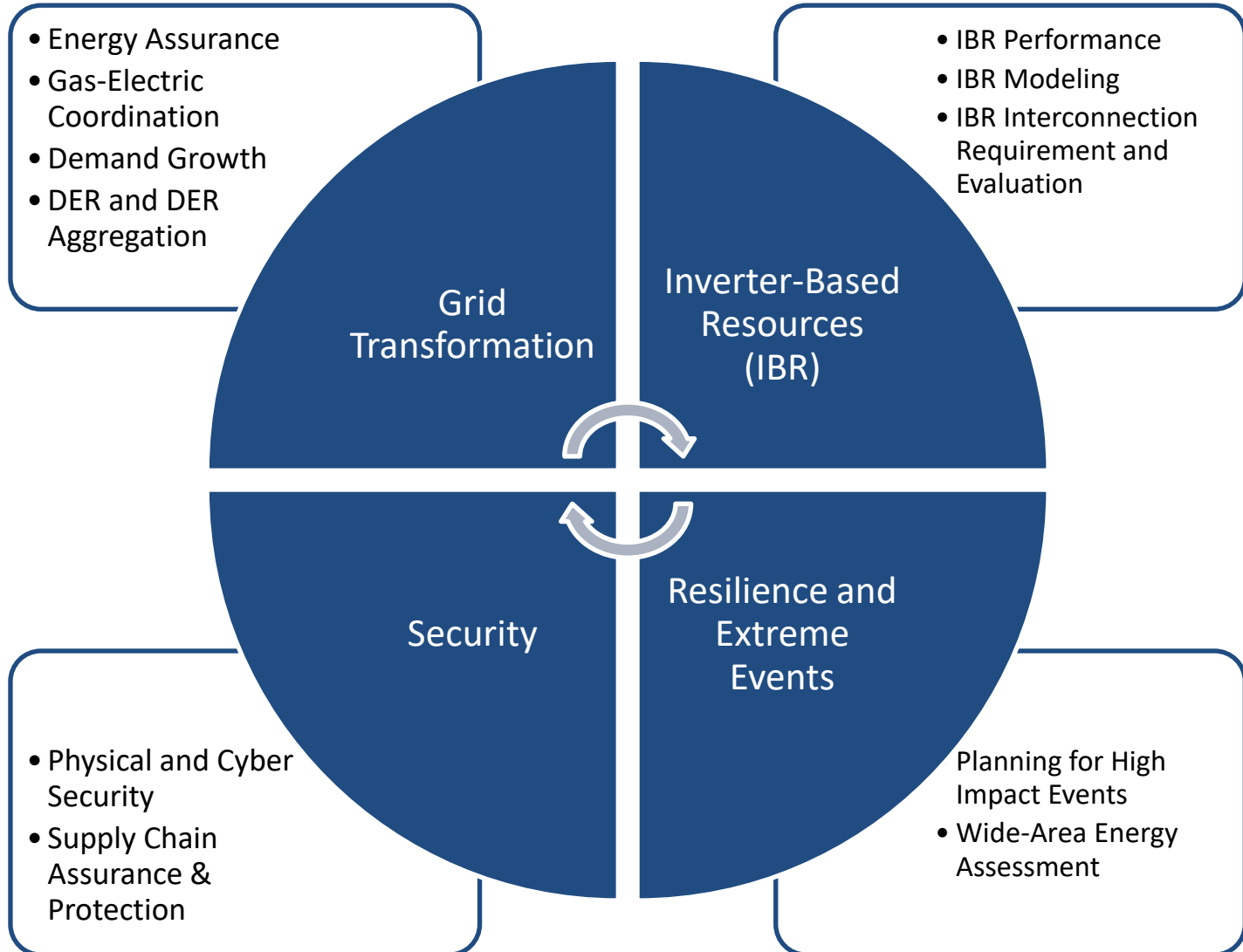
Rich Hydzik – Chair, RSTC
Board of Trustees Meeting
August 15, 2024

RELIABILITY | RESILIENCE | SECURITY



- Risk Profile #1: Energy Policy
- Risk Profile #2: Grid Transformation
- Risk Profile #3: Resilience to Extreme Events
- Risk Profile #4: Security Risks
- Risk Profile #5: Critical Infrastructure Interdependencies

2024 Strategic Risk Priorities Efforts



Increasing Coordination and Collaboration Across the Standing Committees

*Reliability
& Security
Technical
Committee*



*Broader
Stakeholder
Input on SARs*



*Prioritization
of Work
Products*



*Increasing
Support to
Standard
Drafting Teams*



*Standards
Committee*



*Prioritization
of Standards
Projects*



*Leveraging
RSTC work to
“kick-start”
drafting
teams*



*Collaborating
through the
SCCG*

- 1. Feedback on Current Initiatives and Priorities**
2. Prioritization of Projects
3. Expectations for Future Initiatives
4. Strategic Vision and Long-Term Planning
5. Performance Metrics
6. Collaboration, Communication and Outreach
7. Risk Management

- The RSTC is looking forward to the ongoing support and input from the Board of Trustees.



Questions and Answers

Reliability Issues Steering Committee (RISC) Report

Action

Information

RISC Highlights

The RISC Committee held meetings in April and June with April's meeting welcoming new leadership and members to the Committee. Additionally, April focused on determining newly impactful topics for the Committee to receive deep dive updates at future meetings and consider as it continues its annual evaluation of emerging risks and mitigation recommendations and looking ahead to the development of the 2025 ERO Reliability Risk Priorities Report (Risk Report). From the developed list of impactful topics, the Committee received updates on Large Loads and Data Centers and Electrification at its June meeting.

The Committee and NERC staff are also working on the development of the November 13-14, 2024 Reliability Leadership Summit (Summit) agenda and securing expert panelists for the Summit. Advancing the Summit to the 4th quarter of 2024 provides for increased critical time needed for the Committee to develop the 2025 Risk Report and meet the submission to the Board of Trustees (Board) for approval at its August 2025 open meeting.

Topics for Board of Trustees (Board) Feedback

The RISC would welcome feedback from the Board on its determined list of impactful topics provided below.

- Are these topics the Board believes the RISC should consider in its ongoing evaluation of emerging risks?
- Are there topics the Board believes the RISC should consider that are not on the list?
- In thinking ahead to the 2025 Risk Report are there areas the Board believes should be identified in the report that were not in the [2023 Risk Report](#)?

Impactful Topics Recommendations from RISC Members

Transmission

- New Technologies such as Generative AI and Heimdall Neurons
- Geopolitical Stressors – how do we plan for outages at multiple Generation or transmission sites
- System strength and should this be part of Grid Transformation
- Grid impacts of utility-scale battery deployment
- Dynamic ratings, ambient adjusted ratings
- 1 day in 10 planning,
- Multi-factor Reliability Standards – why we need them

- Development of probabilistic planning techniques and tools to account for inherent risk of intermittent resources.
- Consolidation of Operational and Planning models and their supporting databases
- Supply chain (security and deliverability)
- System planning (expectations versus reality)
- The industry move to dynamic and real-time ratings is a good move and can be a big help to optimize the grid. The essence of it is to not operate so conservatively and be more realistic in real-time as to grid capacity and capability. It results in operating the grid closer to the edge of capability, which should be fine until a significant contingency occurs. I expect we will still operate with N-1 in mind. But when that contingency occurs, we may need to have specific response plans defined and able to be executed rather quickly. Since we will then be in N-1 situation, we may need to be able to quickly shift to N-2 operations. Dynamic ratings will necessitate more dynamic operational capabilities and adaptations. That will require more maturity in operational planning than we had in the past.

Load

- Emerging loads
- Crypto mining and the use of loads as Resources
- Standard development for large loads
- Huge Datacenter loads (GW size) and their impact as single contingencies
- Voltage and ride through performance for large loads
- Generative AI
- Rapid addition of large loads
- Some things on this list could be combined into a very timely “super-session” on load growth:
 - Emerging loads, AI/datacenters, and hydrogen production. In my view, these are the “game changing” topics for this year’s summit. Dealing with this unprecedented rate of growth, ensuring that new large loads participate in the markets and provide grid reliability service, and just keeping these resources connected to the bulk power system rather than going their own way (and potentially taking a large part of our nuclear fleet away from the grid!) are all key topics to include in this session.

Resources

- IBR standards
- Grid Forming inverters
- Legacy equipment standards
- Hydrogen Tech & Compressed Natural Gas
- Deeper look at Energy Policy
- Defining a reasonable transition (fossil to green) expectation (it may take 20 years)
- Policy changes, SOC accounting, modeling, Planning assumptions

- Effective Energy Storage incorporation
- Retirement of dispatchable generation

Collaboration Activities

The Standing Committees continue to work on enhancing the overall risk framework and prioritization and determining a more efficient and effective process with increased engagement and collaboration to ensure the proper coordination on prioritizing high priority work plan items.

Upcoming Activities

- Continued preparation for the November Summit.
- Continued work on determining and evaluating risks and mitigation activities and working with the other Standing committees on proper risk prioritization.
- Looking ahead to the development of the 2025 Risk Report.

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Reliability Issues Steering Committee Report

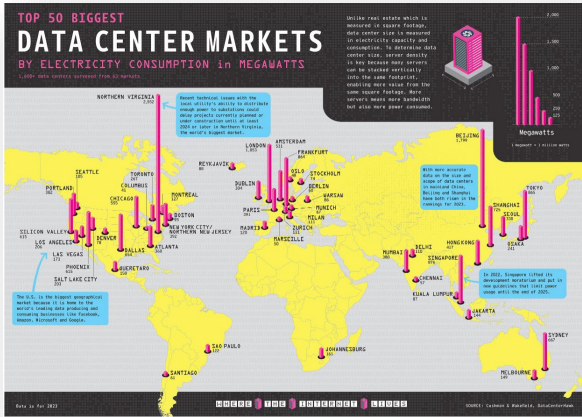
Teresa Mogensen, Chair
Board of Trustees Meeting
August 15, 2024

RELIABILITY | RESILIENCE | SECURITY



- Ongoing evaluation of continued and emerging risks to the bulk power system
- November 2024 Reliability Leadership Summit
- 2025 ERO Reliability Risk Priorities Report
- Collaboration with NERC Standing Committees on accurate prioritization of risks and high priority work plan items

Large Loads



Standards Development

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Standards Authorization Request Form

When completed, email this form to: Standards@nerc.org

For questions about the form or for assistance in completing the form, call Jack Hester at 408-338-2622.

Required to propose a new or to modify an existing Standard

Requester Name:	Project 2018-10 Emergency Operations Periodic Review Team
Organization:	Duke Energy
Telephone:	704-363-9843
Cell:	704-363-9843
E-mail:	David.M.Reid@dukeenergy.com

Date Submitted: July 8, 2018

SAAR Requester Information:

Name: David M. Reid, Chair of Project 2018-10 Emergency Operations Periodic Review Team
Organization: Duke Energy
Telephone: 704-363-9843
E-mail: David.M.Reid@dukeenergy.com

SAAR Type (Check all that apply in applicable):

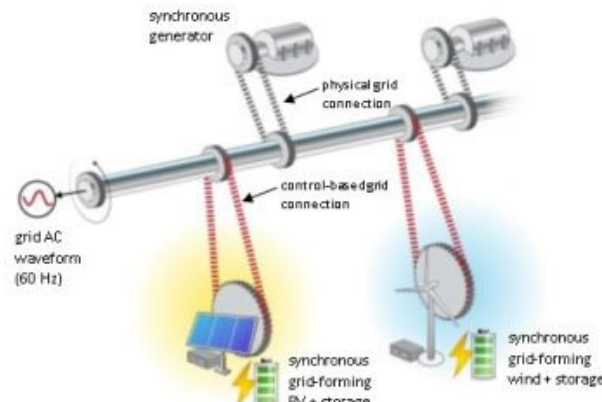
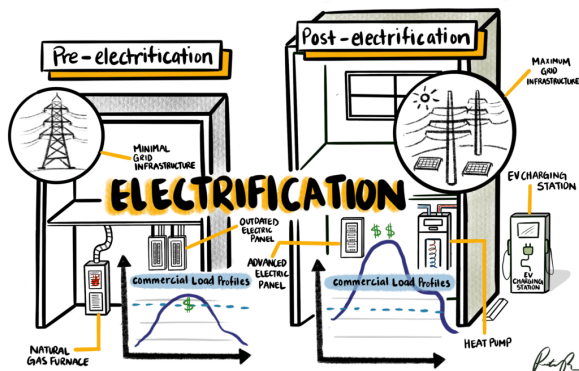
New Standard
 Revision to existing Standard
 Withdrawal of existing Standard
 Request Action

SAAR Status:

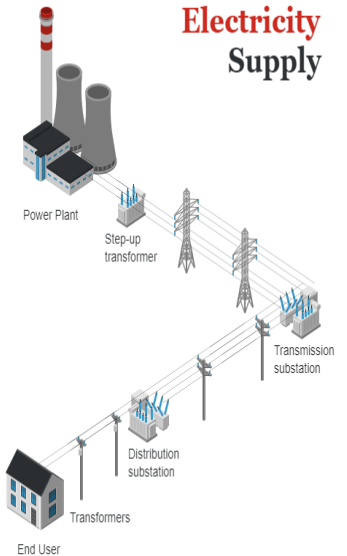
Industry Standard (Subject to the industry standards that are required to be adopted):

The NERC Standard Process Manual (see Section 1.1) obligates NERC to conduct Periodic Reviews of standards at a minimum once every five years, with ANSI approval standards at two-year intervals. NERC has requested regulatory and industry guidance for streamlining the standard review process (both processes of health/standard/duffing and a system of multi-standard or solution to other standards to eliminate duplicate requirements). Additionally, Periodic Review standards which each standard is clear, concise, and technically sound (clear, concise, and technically sound) conditions, whether any regulatory decisions require specific changes to the standard, and other requirements.

RELIABILITY | ACCOUNTABILITY



Inverter-based Resources



- 1. From our list of Impactful Topics, where should we focus our attention for further risk identification?**
 - a. What are we missing?
- 2. And then from 1 above, focus areas for the ERO Reliability Risk Priorities Report?**

- Westin, Washington, DC
- November 13: 1:00-5:00 p.m. Eastern
- Evening Reception
- November 14: 8:30 a.m.-12:00 p.m. Eastern

- Panels will focus on:
 - Grid Resiliency
 - Security
 - Energy Policy



Questions and Answers

Standards Committee (SC) Report

Action

Information

SC Highlights

The SC is committed to effectively execute on the standards prioritization initiative which has been demonstrated over the past several months. Project 2023-03 Internal Network Security Monitoring (INSM) utilized waivers that were accepted by the SC that allowed the project to have reduced commenting and balloting periods to meet regulatory deadlines. Project 2023-03 INSM passed its final ballot and was board adopted on May 9, 2024.

Federal Energy Regulatory Commission (FERC) Order 901 Milestone projects have been active and are at different stages in the standards development process. The SC authorized two postings for initial ballots for FERC Order 901 Milestone 2 projects. Both projects had SC approved waivers and were posted for reduced commenting and balloting periods. Unfortunately, neither projects passed the initial nor additional ballots due to lack of industry support on proposed revisions. The SC accepted three Standard Authorization Requests (SARs) that are part of the FERC Order 901 Milestone 3 and expects that the projects will request waivers to reduce posting timeframes to support achieving their completion goals. Additionally, the SC accepted one SAR for Generator Owner and Generator Operator Definition Alignment to align with any registry criteria changes approved by FERC. This was done to maintain consistency between the two sets of definitions, the Rules of Procedure and the NERC Glossary of Terms, to ensure that previously unregistered inverter-based resources (IBRs) will be subject to the NERC Reliability Standards and mitigate their impacts on the bulk power system (BPS). At its July meeting, the SC accepted a SAR that looks to address directives from FERC's June 2024 order to revise EOP-012-2 in five areas along with approving a waiver of provisions for reduced comment and ballot periods. This SAR has a completion date of March 27, 2025.

In support of other high-priority projects, the SC authorized three postings for initial ballots and accepted a revised SAR for projects that have a firm timeline expectation of completion by the end of 2024. The SCEC conducted its first public meeting for 2024 in May and authorized the posting of an initial ballot for Project 2022-03 Energy Assurance with Energy-Constrained Resources. Also, the SC expects the SC Executive Committee (SCEC) to take advantage of their authority to act more in the coming months particularly around Project 2021-03 Modifications to EOP-012-2.

In addition, the SC elected Patti Metro, Terri Pyle, and Venona Greaff to the SCEC in January 2024 and initiated two special elections. Following the elections in March and May 2024, Maggy Powell and Claudine Fritz respectively were appointed to Segment 7 and Segment 3.

Topics for Board of Trustees (Board) Feedback

In the SC's ongoing effort to determine opportunities for input to assist in meeting its strategic work plan and Charter obligations, the following are areas that the Committee would welcome

any feedback or guidance from the Board. For the August meeting, we would welcome any feedback from the Board on item number 1. Over future meetings we will seek feedback from the Board on the other areas but of course welcome feedback and guidance at any time.

- Feedback on Current Initiatives and Priorities:
 - What is your assessment of our current approaches and methods in addressing FERC directives?
 - What is your assessment of our current initiatives and their alignment with NERC's overall strategic objectives?
 - Are there specific technological advancements or trends you believe we should be focusing on?
- Prioritization of Projects:
 - What factors are most important to support prioritizing our projects?
 - Are there specific projects or areas where you believe our involvement could provide the most value?
- Expectations for Future Initiatives:
 - What are your expectations for the SC in terms of supporting NERC's strategic goals over the next 3-5 years?
 - Are there emerging risks or challenges that you believe we should prioritize in our future work plans?
- Strategic Vision and Long-Term Planning:
 - How do you see the SC's role evolving in the next decade, and what strategic initiatives should we consider to stay ahead of industry changes?
 - What long-term goals would you like to see the SC set to ensure sustained reliability and security of the BPS?
- Performance Metrics:
 - Are there key measures/metrics you consider most critical for measuring the success/effectiveness of the SC?
- Collaboration and Communication:
 - How can we improve publicizing the solicitation for drafting team nominations to help encourage more robust industry participation? Observer participation?
 - How can we improve our communication and collaboration with the Board of Trustees to ensure alignment and transparency? Other Committees?

Collaboration Activities

As the Standing Committees continue to work on the overall risk framework and prioritization efforts by determining more efficient and effective processes through increased engagement and collaboration, the RSTC and the SC held a joint meeting in June to discuss an overview of each committee, the SAR development process, and future collaboration opportunities. Action was taken to develop a joint Task Force to explore and develop potential synergies between the SAR development processes, further define "adequate vetting", and further define what adequate "technical justifications" for SARs are.

Upcoming Activities

- FERC Order 901 Milestone 2 Standards deadlines for November 4, 2024
- Completion of Remaining High Priority Projects
- Project 2024-03 Modifications to EOP-012-2 Revision deadline for March 27, 2025
- Annual Strategic Work Plan Update
- Standards Committee Process Subcommittee Scope Revision
- Segment Term Nominations / Elections

For additional information regarding the Committee and more detail on actions taken over the last two quarters, please visit our webpage for agendas and minutes:

[SC Webpage](#)

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Standards Committee Report

Todd Bennett – Chair, SC
Board of Trustees Meeting
August 15, 2024

RELIABILITY | RESILIENCE | SECURITY



- Authorized posting of six Initial Ballots
- Accepted six Standard Authorization Requests (SARs)
- Approved a waiver of provisions
- Initiated 2 special elections and elected members to the SCEC

- FERC Order 901 Projects
 - Acceptance of waivers
 - Coordination between projects

Increasing Coordination and Collaboration Across the Standing Committees

*Reliability
& Security
Technical
Committee*



*Broader
Stakeholder
Input on SARs*



*Prioritization
of Work
Products*



*Increasing
Support to
Standard
Drafting Teams*



*Standards
Committee*



*Prioritization
of Standards
Projects*



*Leveraging
RSTC work to
“kick-start”
drafting
teams*



*Collaborating
through the
SCCG*

- Feedback on Current Initiatives and Priorities
- Prioritization of Projects
- Expectations for Future Initiatives
- Strategic Vision and Long-Term Planning
- Performance Metrics
- Collaboration, Communication and Outreach

- The SC is looking forward to the ongoing support and input from the Board of Trustees.



Questions and Answers

Semi-annual Review of the Achievements of the NERC Work Plan Priorities

Action

Update

Background

In support of the ERO Enterprise's mission to assure the effective and efficient reduction of risks to the reliability and security of the grid, NERC developed a three-year plan for 2023–2025 to focus on investments where the ERO can most influence change. The plan is centered on four strategic areas of focus—Energy, Security, Agility, and Sustainability—and is supported by the investments outlined in each year's annual business plan and budget (BP&B). NERC's 2024 BP&B was approved by the Board of Trustees (Board) in August 2023.

NERC is committed to reporting on the value and progress of the activities associated with its investments through its annual Work Plan Priorities (WPPs), which are NERC's highest priority items in support of the strategic areas of focus. The [2024 WPPs](#) were approved by the Board in December 2023 and are NERC's goalpost for executing Year 2 of the 2023–2025 plan. Leadership reports on the progress of these WPPs throughout the year and provides a mid-year and end-of-year update to the Board on status, challenges, and accomplishments.

Summary

Of the 17 WPP items for 2024, NERC is pleased to report that 14 are on track to be achieved by year-end. There are 3 currently identified to be at risk due to the following:

Energy: Extreme Weather

- Some deliverables related to the Winter Storm Elliott recommendations are delayed due to external resource constraints
- Slower than expected development of and consensus on a Reliability Standard addressing energy assurance

Energy: Changing Resource Mix

- While there has been progress in raising awareness of interconnected natural gas systems impacts, including the work of the Electric-Gas Working Group (EGWG) and leveraging the NAESB report recommendations, timing of some reports is uncertain, including the Winter Storm Elliott recommendation deliverables mentioned above

Security: Physical Security

- Slower than expected consensus on the modified physical security Reliability Standard

During the Board's open session on August 15, 2024, NERC will provide its mid-year update on the status of the 2024 WPPs, including a review of the at-risk items above and highlights of the important work being conducted in support of the WPPs to further NERC's mission and promote a sustainable and secure organization.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

2024 Work Plan Priorities Mid-Year Update

Erika Chanzas, Director of Business Planning
Board of Trustees Meeting
August 15, 2024

RELIABILITY | RESILIENCE | SECURITY





Energy: Tackle the challenge of grid transformation and climate change-driven, extreme weather



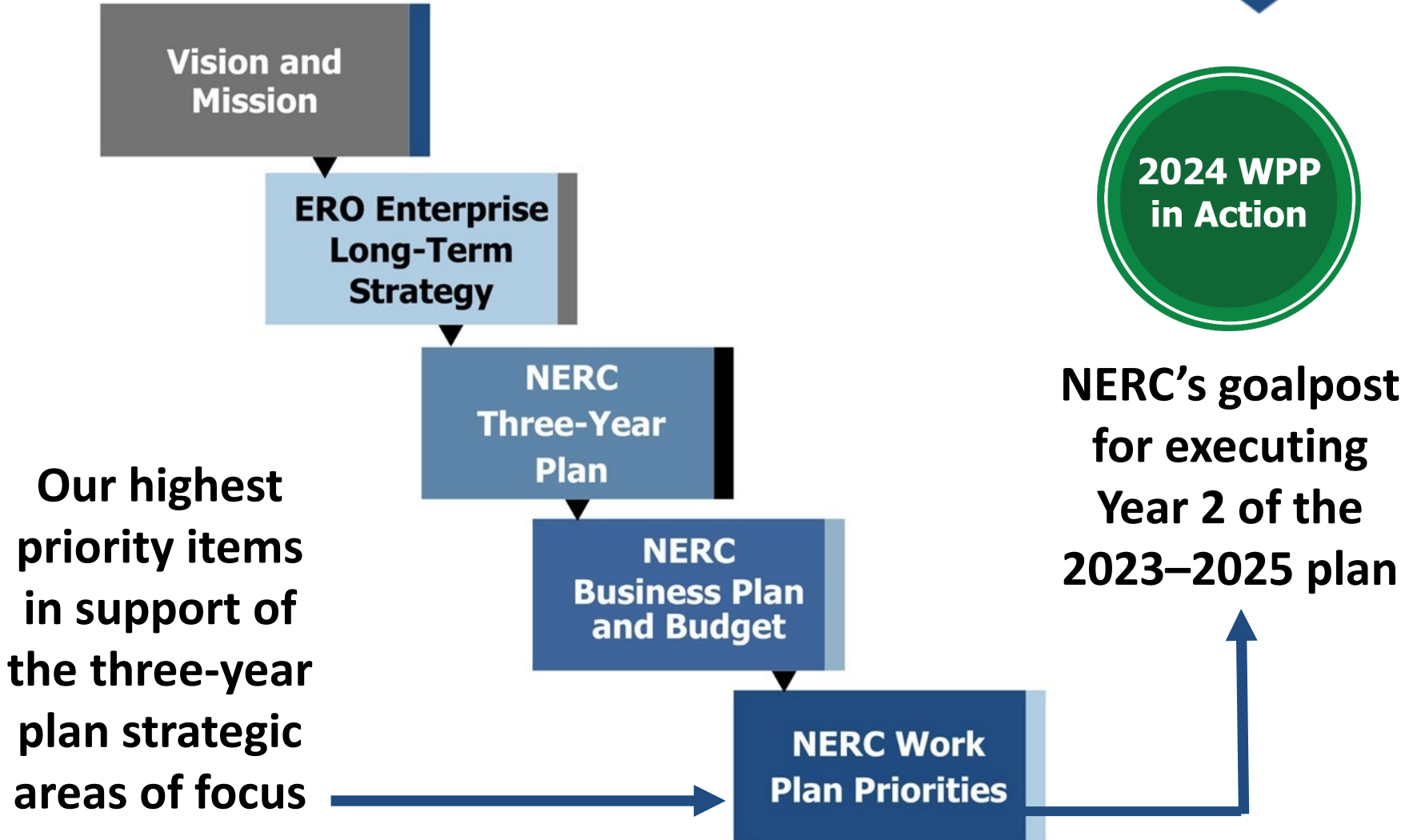
Security: Move the needle by focusing on supply chain, Information Technology (IT) and Operational Technology (OT) system monitoring, cyber design, and evolution of the Critical Infrastructure Protection (CIP) Standards



Agility: Tool the company to be more nimble in key areas, particularly standards development, internal operational processes



Sustainability: Invest in ERO systematic controls, eliminate single points of failure, strengthen succession planning, and ensure robust cyber security protections for all systems

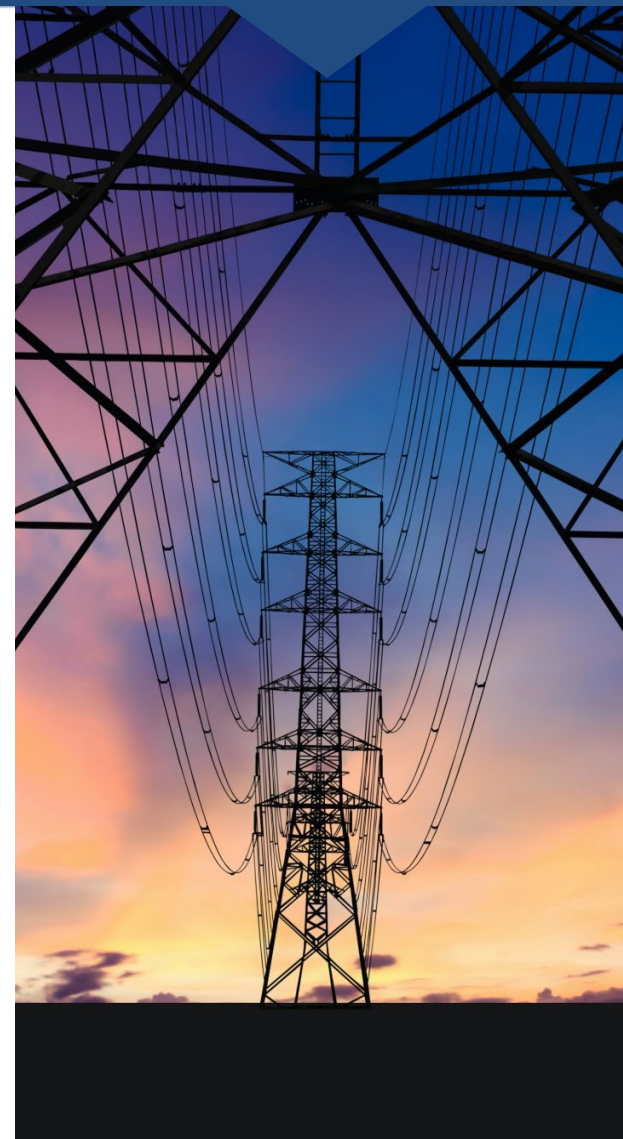




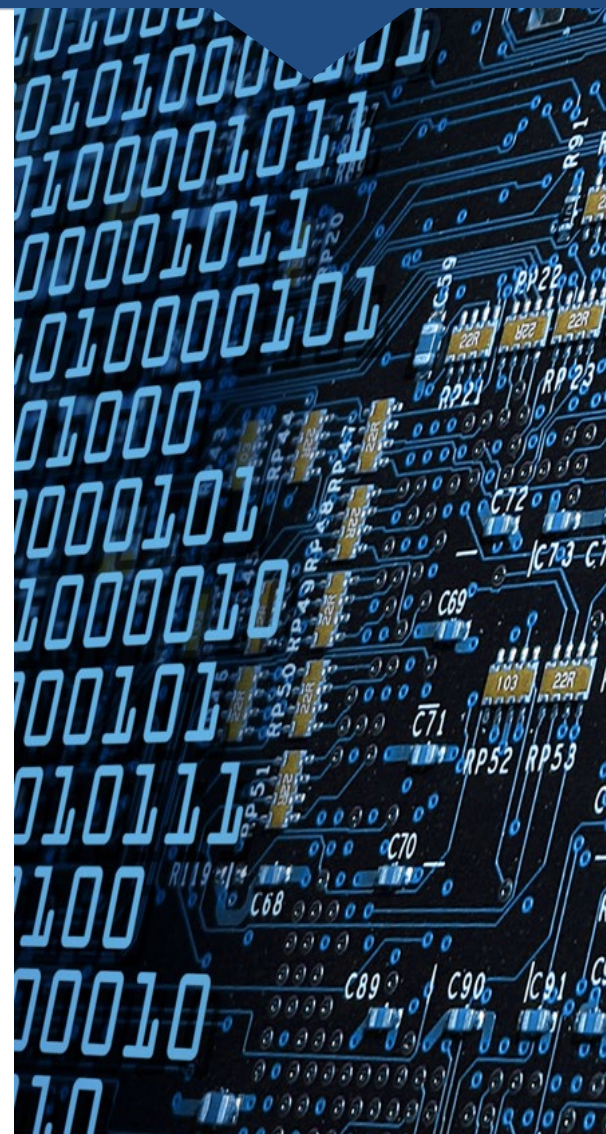
- Some deliverables for Winter Storm Elliott recommendations delayed due to external resource constraints
- Slower than expected development of and consensus on energy assurance and physical security standards
- Progress in raising awareness of interconnected natural gas systems impacts, timing of some reports uncertain



- **Advancing understanding and monitoring of the most critical risks to BPS reliability**
 - ITCS report expected to be filed with FERC on time
 - Cold weather standard filed with FERC
 - Implementing Winter Storm Uri recommendations
 - IBR standard and registration activities on track
 - Completed first draft of DER/DER aggregators study



- **Increasing industry's security posture**
 - Published 168 physical and 228 cyber security bulletins to date
 - 75% participant attendance at Spring CRISP Workshop
 - E-ISAC membership on pace for 6–8% growth
 - Developing plan for appropriate use of cloud computing for BES assets



- **More informed, engaged stakeholders**

- Developing Registered Ballot Body criteria recommendations
- Design concept for new NERC.com on track
- Robust communications strategies for key projects
- 8 of 27 MRC effectiveness recommendations completed, 14 more in progress



- **A more secure, sustainable ERO**
 - Implementing a new RCIS system and governance
 - Financial and HR system conversions on track
 - Finalizing succession planning framework
 - Strengthening NERC's cyber security posture
 - Leveraging AI tools while ensuring safe and responsible use





Questions and Answers

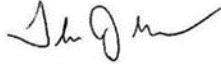
Engagement with MRC Sectors

Action

Update

Summary

NERC Leadership will provide an overview of feedback received from interviews conducted with MRC members on ways to enhance the engagement between the MRC and NERC and the Board as a follow-up to the input received before and during the May 2024 Board meetings.

To: NERC Board of Trustees (BOT)
From: Thomas J. Galloway, NATF President and CEO 
Date: July 15, 2024
Subject: NATF Periodic Report to the NERC BOT (August 2024)
Attachments: NATF External Newsletter (July 2024)

The NATF interfaces with the ERO as well as other external organizations on key reliability, resiliency, security, and safety topics to promote improvement while reducing duplication of effort. Some examples are listed below and in the attached NATF external newsletter, which is also available on our public website: www.natf.net/news/newsletters.

NATF-ERO Leadership Meetings

To promote effective coordination, NATF and ERO leadership meet periodically to discuss topics and activities and synchronize coordination efforts. The latest meeting took place in person on April 19, 2024, in Washington, DC. The topics in this report were identified as top-priority areas for coordination between the two organizations.

Further meetings are planned for August and October.

Inverter-Based Resources Integration / Interconnection Lifecycle

Transmission owners and providers are dealing with a high volume of inverter-based resource (IBR) interconnections as a product of local, state, and federal initiatives. The NATF and its members recognize the challenges of managing the volume of interconnection requests, developing performance requirements for each facility, establishing interconnection agreements, overseeing construction and commissioning of these facilities, monitoring facility performance, and managing ongoing change. In response, the NATF Planning and Modeling Practice Group has started the IBR Interconnection Life Cycle Program, a series of projects to develop practice documents for each of these stages of the life of an IBR facility. This is also discussed in our attached external newsletter.

Supply Chain Security

Following the NERC BOT resolution in 2017 requesting industry support for supply chain security, the NATF began extensive work in this area. The NATF maintains multiple practice groups (physical, cyber, and supply chain) to support members and advance knowledge. We share information internally and [externally](#), support a broad-reaching industry effort for [supply chain cyber security](#), coordinate with the E-ISAC, and participate in industry events, such as GridSecCon and technical conferences. More recently, work has primarily focused on developing a comprehensive criteria and questionnaire set mapped to NERC standards and existing security frameworks (see the attached newsletter and final documents posted on the [Supply Chain Industry Coordination](#) page of the NATF public website for more information).

The Supply Chain Criteria and Risk Questionnaire are tools for use in the Collect Information step of the five-step NATF Supply Chain Security Assessment Model. While continuing to maintain the criteria and questionnaire, the

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NATF is now shifting its focus to other steps in the model to help transmission organizations and suppliers conduct risk assessments and address identified risks. The NATF would like to ensure any future standards revisions are congruent with NATF approaches and offered to address ERO concerns, if any, potentially via a collaboration analogous to the facility ratings effort.

GridEx Recommendations

During the April coordination meeting, NATF and NERC leadership discussed recommendations from GridEx VII, held in November 2023. The group concurred E-ISAC will primarily manage activities needed to address the recommendations, with NATF support on selected initiatives, including identifying key organizations or individuals that need to communicate through a resilience event and identifying coping strategies for various communications losses.

Creating a Long-Range Planning “Roadmap”

Long-range planning will be a crucial endeavor considering the range of new challenges and requirements, including longer time horizons, resource uncertainty, transmission-permitting obstacles, demand growth, augmentation of one-day-in-10-year methodologies, and various FERC issuances.

The NATF is evaluating partnering with others to devise a more strategic and holistic planning approach, incorporating current and new requirements with emphasis on alignment and efficiency.

Tiering of Physical Assets

Discussions in the August 2023 Joint FERC/NERC Physical Security Technical Conference highlighted aspects of physical security implementation that required further consideration, including tiering of physical assets. In response to the conference discussions, the NATF initiated a project to develop methodologies to prioritize assets (beyond CIP-014 stations) into tiers and establish associated protections. The group involved is working diligently to publish a resource for our members by the end of the year.

North American Transmission Forum External Newsletter

July 2024

IBR Lifecycle Project

Transmission owners and providers are dealing with a high volume of inverter-based resource (IBR) interconnections as a product of local, state, and federal initiatives. NERC has recommended that transmission providers establish and improve clear and consistent interconnection requirements for bulk power system (BPS) connected IBR. The NATF and its members recognize the challenges of managing the volume of interconnection requests, developing performance requirements for each facility, establishing interconnection agreements, overseeing construction and commissioning of these facilities, monitoring facility performance, and managing ongoing change. In response, the NATF Planning and Modeling Practice Group has started the IBR Interconnection Life Cycle Program, a series of projects to develop practice documents for each of these stages of the life of an IBR facility. We anticipate the initial practice document derived from this project to be released by early next year.

Grid-Enhancing Technologies Workshop

NATF, EPRI, Energy Systems Integration Group (ESIG), The Global Power System Transformation Consortium (G-PST), and NERC sponsored the GET SET (Grid-Enhancing Technologies for a Smart Energy Transition) Spring Workshop on June 20–21 at Georgia Power in Atlanta, Georgia.

Industry deployment of GETs aims to increase grid capacity in the short term, while new transmission infrastructure is constructed, and includes solutions such as dynamic line ratings, advanced conductors, power flow controllers, and topology optimization. The workshop brought together experts from utilities, regulatory bodies, and research institutions to discuss deployment experiences to date and strategies for scaling these technologies. The key takeaway was that no single technology will suffice on its own; a combination of GETs is required.

NATF President and CEO Tom Galloway suggests that while the industry is aggressively pursuing capacity increases, related projects must be implemented in a thoughtful, deliberate manner that enables associated capacity increases while preserving reliability, enhancing reliability, and moderating consumer costs. The NATF supports our members implementing GETs in a thoughtful, timely manner.

FERC Order 896 Workshop

The NATF, EPRI, and NERC recently hosted a joint workshop to discuss the implications of FERC Order 896 and TPL-008 draft standard. We strategically held the workshop on May 29–30 to align with the open comment period of the TPL-008 draft standard. The event was well attended by industry professionals, consultants, national labs, and research institutes, and attendees engaged in thoughtful discussion about the draft standard and the proposed language.

Workshop topics and activities included trends in extreme temperature events; technical considerations for identifying benchmark extreme temperature events; breakout sessions focused on extreme heat, extreme cold,

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and data needs; implications of extreme temperature conditions on resources; development and creation of benchmark planning cases; capturing asset vulnerabilities; building and studying benchmark planning cases; and extreme temperature assessments.

[Day 1 presentations](#) focused on providing insight to the available data and work performed from the national labs. [Day 2 presentations](#) focused on application of the draft standard and use of existing data.

Supply Chain Criteria and Risk Questionnaire Version 5.0 Posted for Industry Use

The *NATF Supply Chain Security Criteria* and *Energy Sector Supply Chain Risk Questionnaire* version 5.0 documents have been posted for industry use on the [Supply Chain Industry Coordination](#) page of the NATF public website. The “Version History” link includes all prior versions and redlines of the NATF criteria and questionnaire.

The updates were reviewed and accepted by the ERO Enterprise to ensure its continued endorsement of the two NATF CIP-013 Implementation Guidance documents: *NATF CIP-013 Implementation Guidance: Using Independent Assessments of Vendors* and *NATF CIP-013 Implementation Guidance: Supply Chain Risk Management Plans*.

Revisions for the 2024 annual cycle include a comprehensive refresh of all framework mappings, as well as the addition of CIP-005-7 and CIP-010-4 mappings. An optional scoring mechanism was added to the NATF criteria to align with this existing feature of the questionnaire. Other changes include revised question wording for clarity, additional guidance text, and the merging of related questions to improve efficiency.

For more information about the NATF, please visit <https://www.natf.net/>.