

Agenda Regulatory Oversight Committee Meeting

May 8, 2024 | 11:00 a.m. –12:00 p.m. Eastern
Hybrid Meeting

In-Person (Board, NERC Staff ONLY)

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

Virtual Attendees *(including presenters)*

Webinar Link: [Join Meeting](#)

Attendee Password: Day1May82024 (32916298 from phones)

Audio Only: 1-415-655-0002 US | 1-416-915-8942 Canada | Access Code: 2310 963 8050

Committee Members

Robin E. Manning, Chair

George S. Hawkins

Susan Kelly

Kristine Schmidt

Larry Irving

Kenneth W. DeFontes, Jr., *ex officio*

Introduction and Chair's Remarks

[NERC Antitrust Compliance Guidelines](#)

Agenda Items

- 1. Minutes* – Approve**
 - February 14, 2024 Open Meeting
- 2. Inverter-Based Resources Standards Coordination* — Update**
- 3. Inverter-Based Resources Registration* — Update**
- 4. ERO Enterprise CMEP Workshop* — Update**
- 5. ORCP and CMEP Dashboard* — Update**
- 6. Other Matters and Adjournment**

*Background materials included.

DRAFT Minutes Regulatory Oversight Committee Open Meeting

Agenda Item 1a

February 14, 2024 | 8:30-9:30 a.m. Central
In-Person

The Houstonian Hotel Houston
111 North Post Oak Lane
Houston, TX 77024
Conference Room: Grand Ballroom (lower level)

Mr. Robin E. Manning, Chair, called to order the duly noticed meeting of the Board of Trustees Regulatory Oversight Committee (ROC or Committee) of the North American Electric Reliability Corporation (NERC) on February 14, 2024, at approximately 8:30 a.m. Central Time, and a quorum was declared present.

Present at the meeting were:

Committee Members

Robin E. Manning, Chair
Larry Irving
Susan Kelly
George S. Hawkins
Suzanne Keenan
Kenneth W. DeFontes, Jr., *ex officio*

Board of Trustees Members

James B. Robb, NERC President and Chief Executive Officer
Robert G. Clarke
Jim Piro
Kristine Schmidt

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and CEO of the E-ISAC
Candice Castaneda, Senior Counsel
Howard Gugel, Vice President, Compliance Assurance and Registration
Kelly Hanson, Senior Vice President, Chief Administrative Officer
Stan Hoptruff, Vice President, Business Technology
Latrice Harkness, Director, Standards Development
Soo Jin Kim, Vice President, Engineering and Standards
Mark Lauby, Senior Vice President and Chief Engineer
James McGrane, Senior Counsel
Kristin Miller, Director, Internal Audit
Kaiesha Morgan, Program Specialist, Corporate Governance and Enforcement
John Moura, Director, Reliability Assessment and Performance Analysis
Lauren Perotti, Assistant General Counsel
Lonnie Ratliff, Director, Compliance Assurance and Certification
Sônia Rocha, Senior Vice President, General Counsel, and Corporate Secretary
Andy Sharp, Vice President, Chief Financial Officer

Teri Stasko, Assistant General Counsel and Director of Enforcement
Jim Stuart, Associate Director, Registration Services

Introduction and Chair's Remarks

Chair Manning welcomed the members of the Committee and other attendees to the first open meeting of the Committee. Chair Manning provided brief summaries of the February 13, 2024 and December 2023 Committee closed meetings. He also shared that, given the new responsibilities of the Committee and in the interest of transparency, the ROC will meet in open session three times a year.

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.

Minutes

Upon motion duly made and seconded, the ROC approved the August 16, 2023 Compliance Committee Open Meeting minutes.

Standards Indicators

Ms. Kim shared the prioritization of Reliability Standards Development projects and the plan for completion for the high, medium, and low priority projects.

Compliance Monitoring and Enforcement Program Implementation Plan

Mr. Ratliff explained that the Compliance Monitoring and Enforcement (CMEP) Implementation Plan (CMEP IP) is the annual operating plan used by the ERO Enterprise in performing CMEP responsibilities and duties. He further explained that the risk elements identified in the CMEP IP serve as inputs in determining the appropriate monitoring of risks and related Reliability Standards and requirements in the Compliance Oversight Plan for each registered entity.

Compliance Monitoring and Enforcement Program (CMEP) and Organization Registration and Certification Program (ORCP) Annual Report

Messrs. Ratliff, Stuart, and McGrane presented the 2023 CMEP and ORCP Annual Report, noting 2023 ORCP and CMEP key accomplishments and 2024 CMEP and ORCP priorities. They also provided information and statistics regarding 2023 CMEP and ORCP activities.

Adjournment

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

Submitted by,



Sônia Rocha
Corporate Secretary

Inverter-Based Resources Standards Coordination

Action

Update

Background

On October 19, 2023, FERC issued Order No. 901 directing NERC to develop new or modified Reliability Standards projects to address a wide spectrum of reliability risks to the bulk power system from the application of inverter-based technology; including requirements for inverter-based resources that are owned or operated by NERC registered entities, as well as by those that are anticipated to be registered by NERC under pending new registration criteria.

Since then, NERC Standards staff has been working diligently to address directives due in November 2024, November 2025, and November 2026. NERC Standards staff is also coordinating with other NERC departments to draft Standard Authorization Requests, plan for registration of new entities, maintaining a strategic work plan to assure alignment of Reliability Standards projects and an appropriate allocation of resources.

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Agenda Item 2

Inverter-Based Standards Coordination

Latrice Harkness, Director of Standards Development
Regulatory Oversight Committee Open Meeting
May 8, 2024

RELIABILITY | RESILIENCE | SECURITY

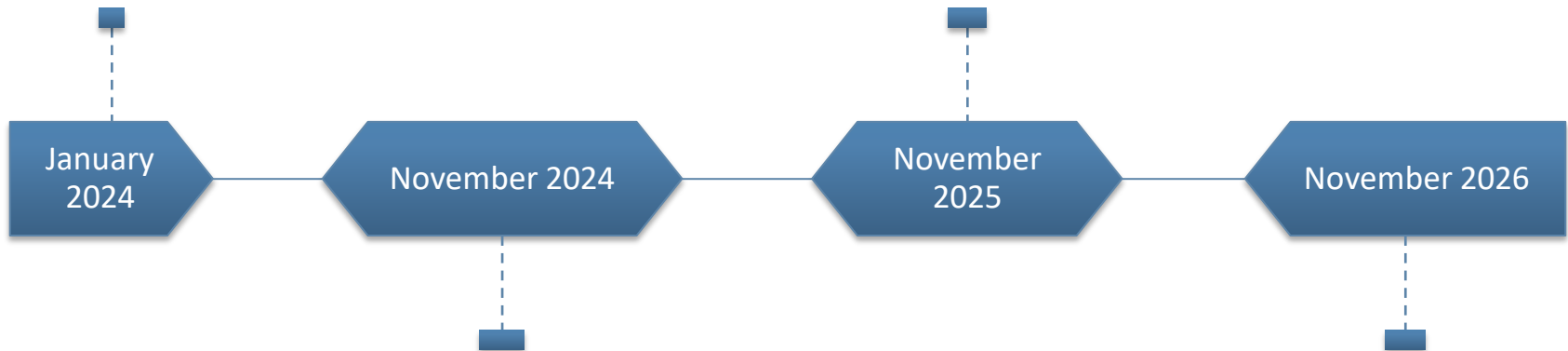


- FERC Order 901
 - Issued October 2023
 - Includes 4 Milestones dates through November 2026
 - Address wide spectrum of inverter-based resources related performance issues and Reliability Standards
 - Will require continual coordination between active Standards projects



Milestone 1:
Submit
Information
Work Plan

Milestone 3:
Modeling Data
Sharing and
Validation based on
Performance



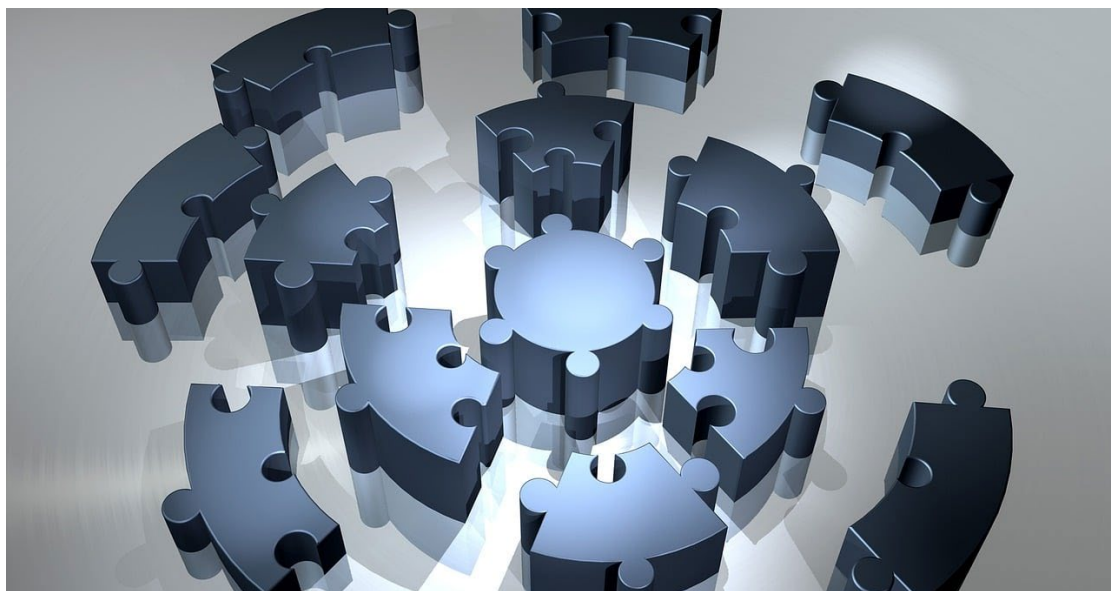
Milestone 2: IBR
Performance based on
disturbance monitoring
data requirements and
post-event analytics

Milestone 4: New
Requirements for
Operational and
Planning Studies to
Leverage
Performance Data

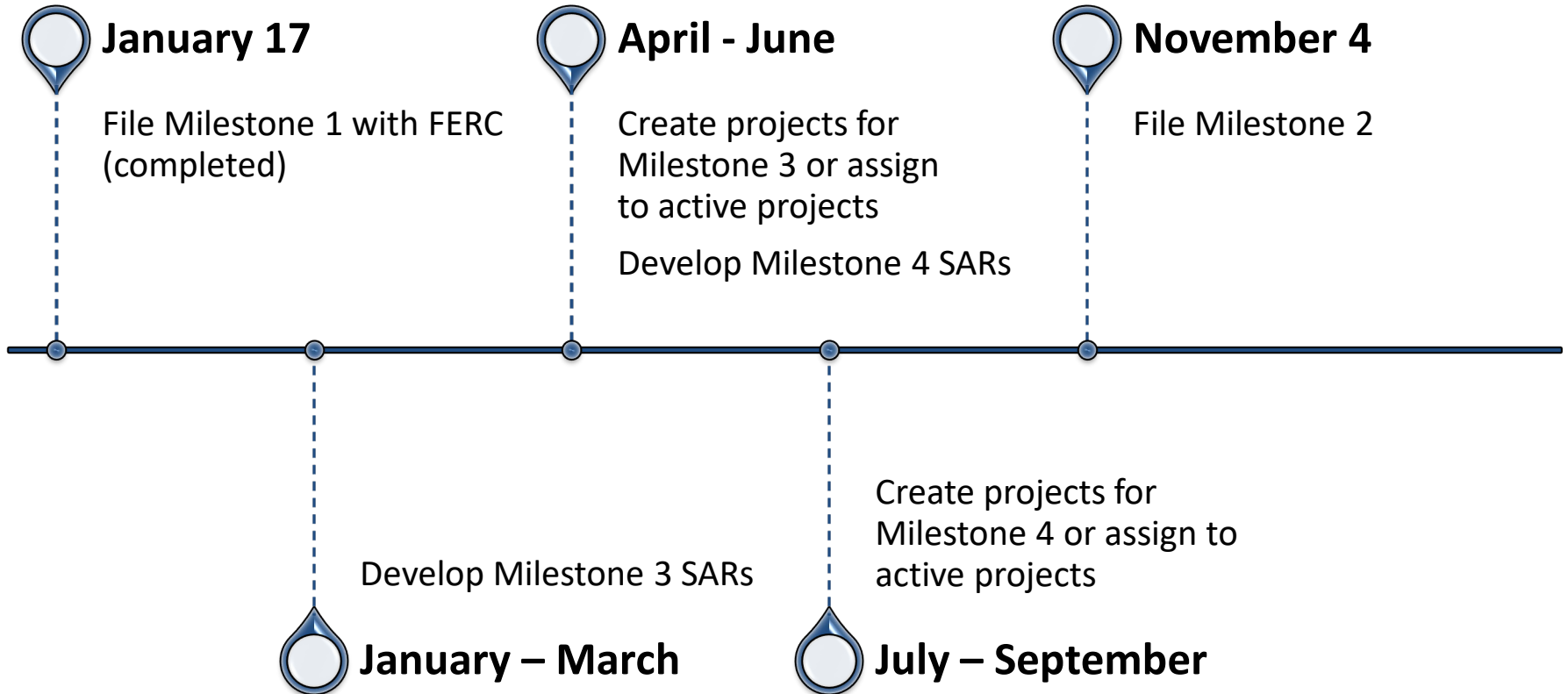
- Key Factors Included in Strategy
 - Ongoing prioritization of NERC Standards Projects
 - Continual coordination between NERC Engineering, Legal, and Standards
 - Ongoing communication to industry



- Continual coordination between NERC Engineering, Legal, and Standards
 - Assure new SARs meet all FERC directives and NERC expectations
 - Assure upstream/downstream projects coordinate between developers and the drafting team leadership
- Assure that approach to new SARs account for existing projects
- Assure performance-based modeling can be built throughout and is effective



- Generator Owner/Generator Operator Definition Revision
- Publish Standards Impacted
- Reliability and Security Technical Committee
 - SAR input
 - SAR drafting
- FERC Discussions



A map of North America is shown in a light blue color. A darker blue horizontal band runs across the middle of the map, passing through the United States. The text "Questions and Answers" is centered within this band.

Questions and Answers

Inverter-Based Resources Registration

Action

Update

Background

As part of its Inverter-Based Resource Strategy, NERC is dedicated to identifying and addressing reliability challenges associated with Inverter-Based Resources. The rapid integration of these resources continues to challenge grid planners, operators, protection engineers, and many other facets of the electricity sector. In 2022, NERC identified a reliability gap driven by this grid transformation. It was discovered that only 84% of bulk power system connected IBRs are subject to Reliability Standards compared to 97% of bulk power system impactful synchronous resources.

In November 2022, the Federal Energy Regulatory Commission directed NERC to establish a work plan to identify and register all unregistered owners and operators of IBRs that, in the aggregate, materially impact the reliable operation of the bulk power system. The three-year work plan was filed February 2023 and accepted May 2023 and includes the following milestones:

- May 2023–May 2024: Complete Rules of Procedure revisions
- May 2024–May 2025: Identify candidates for registration
- May 2025–May 2026: Register candidates

NERC believes this large-scale initiative to identify and register IBR candidates will require extensive communication to ensure that it reaches this new audience. Consequently, NERC Communications worked with ERO Enterprise staff to develop a comprehensive communications strategy to define the path for informing stakeholders on the progress of work plan activities and to ensure a timely and successful implementation. NERC's goal is to always provide targeted communications to the right audience at the right time.

NERC staff will present an overview of activities related to registering IBRs that have occurred since the last Regulatory Oversight Committee meeting. This will include an overview of the communication plan.

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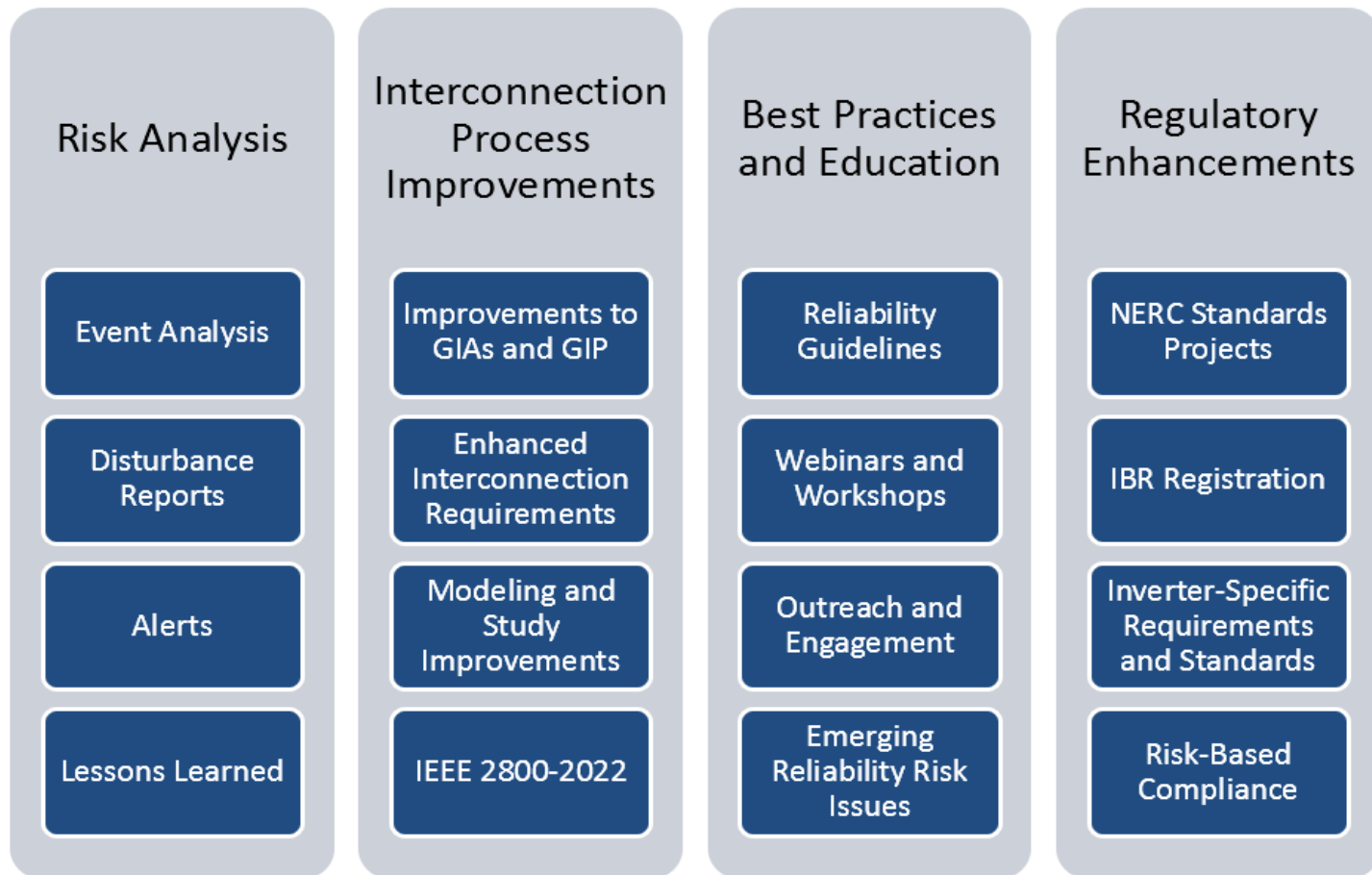
Agenda Item 3

Inverter-Based Resources Registration

Howard Gugel, Vice President, Compliance Assurance and Registration
Regulatory Oversight Committee Open Meeting
May 8, 2024

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- 2021-2022 – NERC staff analysis of Inverter-Based Resources
- November 17, 2022 – FERC Inverter-Based Resources Order
- February 15, 2023 – Work plan and white paper filed with FERC
 - Proposed ≥ 20 MW and ≥ 60 kV criteria
 - Registration changes, then Reliability Standard changes
- May 18, 2023 – FERC Order approved work plan
 - Work plan updates every quarter
- February 22, 2024 – Board approves new registration criteria
- March 19, 2024 – NERC files proposed changes with FERC

- FERC reviews Rules of Procedure changes and either
 - Approves, or
 - Directs further changes
- NERC begins project to change definitions
 - Generator Owner
 - Generator Operator
- Existing projects in development to consider scope
- NERC to begin process for new registrants
- Request for information to be created

- Inverter-Based Resources quick reference guide [posted](#)
 - Visuals
 - Call to action
 - Links to all relevant web pages
- Inverter-Based Resources registration initiative Q1 2024 update [posted](#)
- Planned webinar on Rules of Procedure revisions
- Strategic communications plan developed
- Talking points created

- Fact sheets:
 - How to determine if you are a candidate for Inverter-Based Resources registration.
 - What does an implementation plan look like?
- Fundamentals: “who is NERC” and “who is the E-ISAC”?
- Continue outreach to identify candidates through various channels
- Continue engaging identified candidates for introduction to NERC and ERO Enterprise through multiple channels: website, email, CORES, Align, and trainings
- Issue bulletins and other communication materials announcing the obligation to register, including the list of applicable Reliability Standards and Reliability Standards projects

IBR Registration Milestones

Phase 1: May 2023–May 2024

- Complete Rules of Procedure revisions and approvals
- Commence Category 2 GO and GOP candidate outreach and education (e.g., through trade organizations)

Phase 2: May 2024–May 2025

- Complete identification of Category 2 GO and GOP candidates
- Continue Category 2 GO and GOP candidate outreach and education (e.g., quarterly updates, webinars, workshops, etc.)

Phase 3: May 2025–May 2026

- Complete registration of Category 2 GO and GOP candidates thereafter subject to applicable NERC Reliability Standards
- Conduct specific Category 2 GO and GOP outreach and education (e.g., quarterly updates, webinars, workshops, etc.)



Questions and Answers

ERO Enterprise CMEP Workshop

Action

Update

Background

The Electric Reliability Organization (ERO) Enterprise Compliance Monitoring and Enforcement Program (CMEP) workshop is an in-person event held annually for ERO Enterprise CMEP staff and others. The theme for this year's workshop is "One CMEP" and centers around how CMEP staff's individual roles impact others, and how the individual roles fit into the broader "One CMEP". Additional attention is given to current and emerging risks to the Bulk Electric System and how each role, within the "One CMEP", can assist in identifying and mitigating Bulk Electric System risk. Finally, focus is on exercising processes and techniques for ensuring consistent, effective, and efficient implementation of risk-based activities.

This workshop highlights CMEP's role in Bulk Electric System risk mitigation. In 2024, staff from NERC (CMEP, Registration, Standards), Regional Entities, Canadian Regulators, and FERC were in attendance. The intent is to provide transparency on key ERO Enterprise activities around risk assessment, engagement planning, and key CMEP processes to ensure consistent, effective, and efficient implementation of risk-based monitoring. Topics included: Risk Identification, Bulk Electric System Risk Perspectives, Techniques for Gathering and Sharing Entity Information, Compliance Monitoring Scope Determination, Inverter-Based Resources Registration, as well as enforcement and compliance monitoring breakout sessions to focus ERO Enterprise consistency.

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2024 ERO Enterprise Workshop

Agenda Item 4

Lonnie Ratliff, Director of Compliance Assurance and Certification
Regulatory Oversight Committee Open Meeting
May 8, 2024

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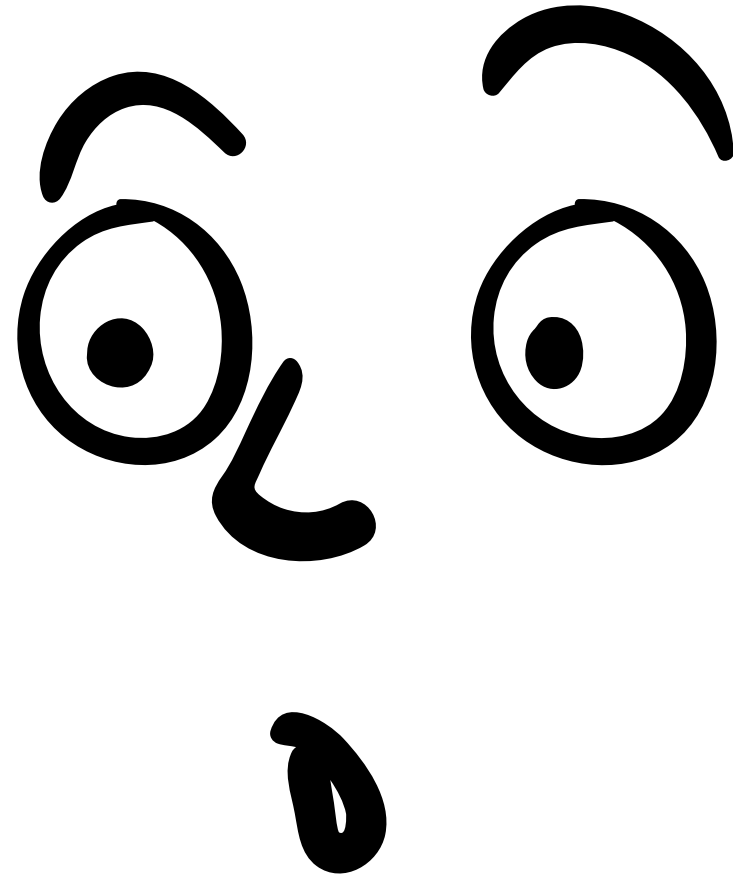


ERO Enterprise Workshop – “One CMEP”

- Individual roles and impact to Bulk Electric System (BES) Risk Mitigation
- Consistent messaging on risk-based activities
 - Transparency
 - Canadian Regulators
 - ERO Enterprise CMEP Staff
 - ERO Enterprise Certification Staff
 - FERC Staff
 - Registration Staff
 - Standards Staff



- Risk Assessment Process
 - Inherent Risk Assessment
 - Compliance Oversight Plan
 - Compliance Monitoring Scope / Engagement Planning
- BES Risk Perspectives
- Techniques for Gathering and Sharing Entity Information
- Inverter-Based Resources (IBR) Registration



- Importance of reviewing and considering internal controls*
- Continue efforts to streamline risk-based CMEP activities*



* Business Plan and Budget Objective

IBR Registration Initiative

According to NERC, the rapid integration of IBRs is “the most significant driver of grid transformation” on the bulk power system.

NERC, Inverter-Based Resource Strategy: Ensuring Reliability of the Bulk Power System with Increased Levels of BPS-Connected IBRs, (Sep. 14, 2022)



BES Risk Perspectives

- Emerging and existing Risks
 - Non-BES IBRs
 - Crypto/Data Center Load
 - BES Asset Operations from outside the U.S.
 - DER Aggregators



Attendee Value



- Common messaging around key topics
- Transparency
 - FERC Staff
 - Canadian Regulators
 - Standards
- Consistency
 - ERO Enterprise / FERC Staff

A stylized map of North America, including the United States, Canada, and Mexico. The map is rendered in shades of blue and grey. A horizontal band of medium blue color passes behind the map, serving as a background for the title text.

Questions and Answers

ORCP and CMEP Dashboard

Action

Update

Background

NERC and the Regional Entities work together to implement the regulatory functions related to the Organization Registration and Certification Program (ORCP) and Compliance Monitoring and Enforcement Program (CMEP), as required under the NERC Rules of Procedures and the Regional Delegation Agreements.

NERC staff will provide an overview of Q1 2024 ORCP and CMEP indicators and provide context around what the data shows and why it is important.

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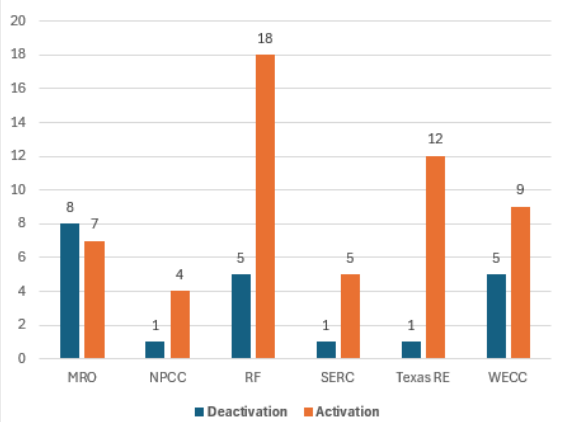
Agenda Item 5

Quarterly Dashboard of ORCP and CMEP Indicators

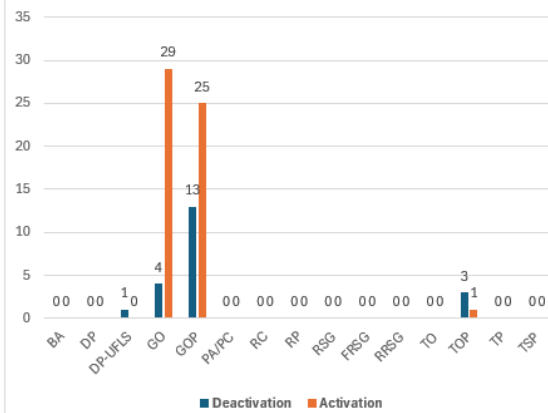
Farzaneh Tafreshi, Manager Compliance Analysis and Reporting
Regulatory Oversight Committee Open Meeting
May 8, 2024

RELIABILITY | RESILIENCE | SECURITY

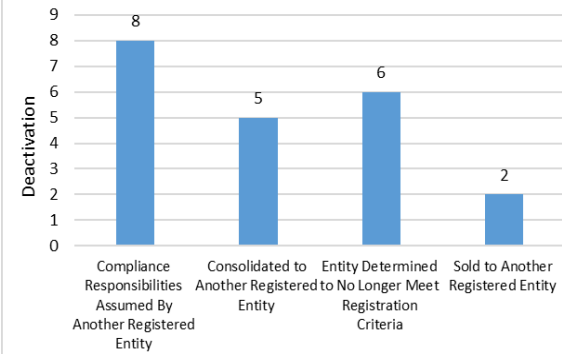
2024 Functional Registration Changes by Regional Entity



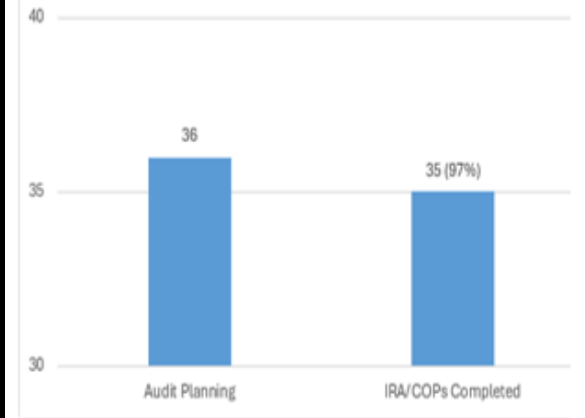
2024 Functional Registration Changed by Function



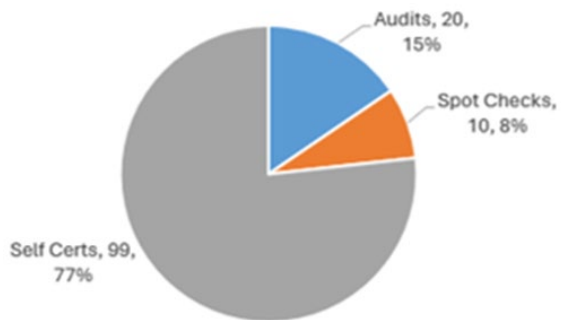
Q1 2024 Cases for Functional Registration Deactivations



IRA/COP Completion Percentage Q1 2024



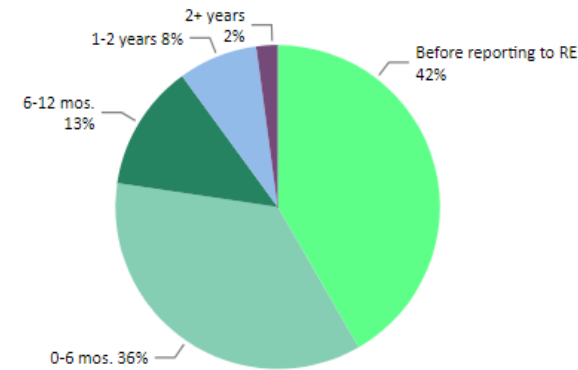
Compliance Monitoring Engagements by Type



Noncompliance Reported to EROE – US Only



Mitigation of Noncompliance in the Past 5 Years



Inventory Reduction in 2024 – US Only

