

MEMORANDUM

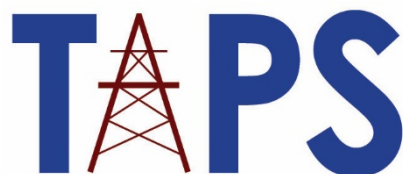
TO: Roy Thilly, Chair
NERC Board of Trustees

FROM: Jack Cashin, Director, Policy Analysis and Reliability Standards, American Public Power Association
John Di Stasio, President, Large Public Power Council
John Twitty, Executive Director, Transmission Access Policy Study Group

DATE: October 22, 2019

SUBJECT: Response to Request for Policy Input to NERC Board of Trustees

The American Public Power Association, Large Public Power Council, and Transmission Access Policy Study Group concur with the Policy Input submitted today by the State/Municipal and Transmission Dependent Utility Sectors of the Member Representatives Committee, in response to NERC Board Chair Roy Thilly's October 2, 2019 letter requesting policy input in advance of the November 5, 2019 NERC Board of Trustees' meeting.



MEMORANDUM

TO: Roy Thilly, Chair
NERC Board of Trustees

FROM: Carol Chinn
William J. Gallagher
Roy Jones
John Twitty

DATE: October 22, 2019

SUBJECT: Response to Request for Policy Input to NERC Board of Trustees

The Sector 2 and 5 members of the NERC Member Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to the October 2, 2019 letter to Mr. Greg Ford, Chair of the MRC.

We appreciate the invitation for MRC member sectors to provide input on an important policy and governance matter that is intended to improve the efficiency and effectiveness of NERC and the stakeholder process: the proposal to replace the NERC Critical Infrastructure Protection Committee (CIPC), Operating Committee (OC) and Planning Committee (PC) with the Reliability and Security Technical Committee (RSTC). Herein, the SM-TDUs provide policy input on the proposal and charter.

We look forward to discussing the proposal, along with other agenda package items at the upcoming meetings of the Board of Trustees (BOT), Board committees, and the MRC on November 5, 2019 in Atlanta.

Summary of Comments on Proposal to Restructure NERC Technical Committees

- **Maintaining utility technical expertise will be paramount to the RSTC's success.**
- **SM-TDUs believe the following changes to the proposal will help facilitate maintaining utility expertise and improve the proposal:**
 - **Structured engagement of the OC, PC and CIPC is needed.**
 - **RSTC nominations, selections, and election results need sufficient transparency.**
 - **The two and three-year nomination process needs clarity.**
 - **Timeline dates, such as the sector nomination date need to be revised.**

SM-TDU Comments on the NERC Board of Trustee's Request for Policy Input

The SM-TDUs support NERC's objective to improve effectiveness and encourage NERC to maintain the technical expertise that the three stakeholder committees have long brought to NERC. Stakeholders and their organizations make a significant commitment to participate in technical decisions that affect industry reliability and security. Maintaining that commitment will require that utility organizations continue to see value in the NERC process during the transition to the Reliability and Security Technical Committee (RSTC). Loss of the valuable commitment and connection, even for a brief period, could harm security and reliability.

The SM-TDUs appreciate NERC's consideration of the comments that it received in August on the initial Stakeholder Engagement Team (SET) proposal resulting in the current, *Reliability and Security Technical Committee Proposal*. The current SET proposal incorporates several stakeholder comments to improve the potential effectiveness of the original proposal. Moreover, the current proposal recognizes points made in comments that will require further consideration as the proposal advances.

In the August policy input, the SM-TDUs provided their support for Option 1. SM-TDUs believe that Option 2 has potential value but capturing that potential value of Option 2 will be dependent on taking steps to ensure a measured transition to Option 2 that will maintain the engagement of utility technical experts. SM-TDUs saw value in Option 1 because, under that option, it is clear how utility technical expertise will be maintained. SM-TDUs see the potential value in the Option 2 concept and understand how, with proper implementation, Option 2 may be successful. Therefore, the SM-TDUs believe a measured and effective transition will be required to preserve the appropriate level of stakeholder technical expertise engagement. Maintaining that engagement will ensure the success of Option 2.

The current schedule laid out in the proposal is admirable and SM-TDUs can appreciate the need for expediency and the desire to get the RSTC up and running. However, much as the SM-TDUs have expressed more broadly about efficiency and effectiveness, both qualities are needed, and one cannot undermine the other. Lower costs and speed can be efficient. However, inexpensive and quick does not always lead to efforts that are effective and successful.

The SM-TDUs provide the following observations and suggestions - that we believe are needed to preserve the engagement of industry technical expertise and for Option 2 to be effective.

Engaging the Standing Committees in the Transition

On March 4, 2020 the RSTC is slated to meet for its inaugural meeting to establish the Nomination Subcommittee (NS) and Executive Committee (EC). Moreover, the current proposal states that in March 2020, OC, PC, and CIPC meetings will be held as scheduled and the RSTC will be "encouraged to attend one or more sessions." While it is a positive step to have the RSTC and the OC, PC, and CIPC in the same venue and encouraged to meet, the SM-TDUs believe that the proposal should contain more structure for the RSTC and existing committees to come together on the technical issues and facilitate an effective hand-off of responsibilities. Such structure will preserve the appropriate transition to RSTC and minimize the potential for gaps in coverage.

It is logical to place some structure around the March sessions, and this should be done by OC, PC, and CIPC experts. These groups best know what projects need completion and what is

outstanding. The RSTC will have February to review the OC, PC, and CIPC agendas and request any additional items they would want reports on (or not). It is incumbent upon the SET proposal and NERC's approval, that the proposal offer some structure around the March meetings. Doing so will demonstrate that NERC respects the valuable contributions to the organization that the OC, PC, and CIPC have made.

The OC, PC, and CIPC meetings will offer to the RSTC a pool of technical experts that they will want to select from to work on reliability and security issues going forward. The current proposal, while deferential to the OC, PC, and CIPC March meeting time, does not recognize that the SET and NERC can reach out to the OC, PC and CIPC to facilitate more structure around collaboration that will facilitate a seamless transition. We therefore encourage the SET and NERC to engage with the three current technical committees.

The current SET proposal states that the OC, PC, and CIPC will meet for final work plan approvals and to complete any other approvals in June of 2020. The SM-TDUs believe this is a proper step but will only work if more detail and structure is set out for the March meeting. Also, at the June meetings, the SET proposal states that the OC, PC, and CIPC will be disbanded.

The SM-TDUs believe there is an important step missing in the March to June timeline. There is no readiness assessment. No evaluation is being made to determine if it is indeed time to take the next step in the transition. The RSTC is assembled in 3 months; decides its work in the next 3 months, and the OC, PC, and CIPC are dissolved. The Align project had an expedient timeline that needed to be amended when it was determined that the project was not ready to go live. SM-TDUs admire the expediency of the timeline goals for the RSTC, but believe the effort needs a readiness assessment. Only with such an assessment can it be determined if the transition to the RSTC is indeed complete and ready to move onto the next step on the timeline.

Nominations, Selections, and Election Results Require Sufficient Transparency

The SM-TDUs support the selection of Greg Ford and David Zwergel as the initial RSTC Chair and Vice Chair. In doing so, we would like to offer a procedural recommendation that will establish a best practice seeking to promote transparency as the RTSC moves forward. In the initial selection phase of the RSTC, stakeholders should have access to the full slate of Chair and Vice Chair candidates. Doing so will provide important information to stakeholders as nominations are prepared for the upcoming Sector election and At-Large positions. While it can be assumed that these individuals will likely be nominated as Sector, or as At-Large candidates, knowing that these candidates have been recognized by their peers as potential Chair and Vice Chair candidates provides useful information as stakeholders get ready to elect candidates to serve on the committee.

Similarly, going forward the full slate of nominations that the NS considers for RSTC positions should be posted, as should all nominations and election results.

RSTC Nominations and the Two & Three-year Nominees

For continuity, the proposal describes that member terms for both Sector and At Large representatives will initially be split between two- and three-year terms, which will require Sector and At Large nominees be nominated for the respective term. The NS will resolve any conflicts in terms to ensure staggered terms.

Knowing the service duration for prospective nominees, before posting nominations will be critical in achieving the RSTC diversity regarding technical expertise, region, and sector representation. While the SM-TDUs recognize that the utility that employs the nominee clearly

will have primary say on the nominees' service duration, the company will not typically be the nominating entity. Therefore, we propose that the nomination form require the person making the nomination determine that the person being nominated can serve for either the two- or three-year term. The term being requested, should be on the nomination form.

Generally, the staggered two and three-year terms for RSTC nominees will benefit by providing greater clarity than the level that is provided is in the current proposal and charter.

Nomination Process Start Date

In Appendix D, the proposal timeline states that the NERC BOT will consider approving the Proposal, Charter and Transition plan on November 5, 2019. Following that BOT approval, the Open Sector nomination period opens the next day, on November 6, 2019. This timeline does not leave sufficient time to incorporate any changes to the proposal that may come out of the November BOT meeting or other administrative matters that may require more than a day to address.

The nomination process can best begin when the process around the nominations is clear and posted as final. Therefore, the SM-TDUs recommend delaying the November 6 Open Sector Nomination start date by a week to November 13, to provide time for completion of the final approved proposal as well as allow for resolution of other details that might affect the Open Sector Nomination process, among other things. This will also require pushing out the end of the election process by a week.

Thank you for the opportunity to provide this policy input. We look forward to the discussion at the meetings.