

## MEMORANDUM

**TO:** Roy Thilly, Chair  
NERC Board of Trustees

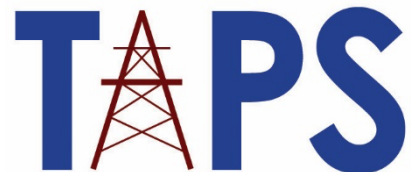
**FROM:** Jack Cashin, Director, Policy Analysis and Reliability Standards, American Public Power Association  
John Di Stasio, President, Large Public Power Council  
Terry Huval, Executive Director, Transmission Access Policy Study Group

**DATE:** January 20, 2021

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

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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 December 30, 2020 letter requesting policy input in advance of the February 2021 NERC Board of Trustees meetings.



## MEMORANDUM

**TO:** Roy Thilly, Chair  
NERC Board of Trustees

**FROM:** Carol Chinn  
William J. Gallagher  
Terry Huval  
John Haarlow  
Roy Jones

**DATE:** January 20, 2021

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

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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 your December 30, 2020 letter to Jennifer Sterling, Chair of the MRC that requested MRC member sectors to provide input on future approaches to stakeholder engagement and other agenda items for the upcoming meetings. We look forward to discussing the policy input and other agenda items during the virtual meetings of the Board of Trustees (Board), Board committees, and the MRC, on February 3-4, 2021.

### *Summary of Comments*

#### ➤ **Future Approaches to Stakeholder Engagement**

- **The Board and MRC in-person meetings are unique and need to be preserved so that the MRC can fulfill its responsibilities. SM-TDUs believe the MRC and Board should still meet in-person four times a year (with a virtual participation option) in a post-pandemic environment.**
- **NERC and the Board's examination of virtual meetings and consideration of their effectiveness and cost is well founded and should be explored further for the ERO's full set of committee meetings.**

The SM-TDUs appreciate the Board's consideration of stakeholder engagement and its proposals for engagement in a post-pandemic environment. As the Board notes in the policy input letter, stakeholder engagement is "central to NERC's ability to meet its mission." The pandemic has interrupted the schedule of in-person meetings, limiting stakeholder engagement. While NERC nimbly adjusted and provided quality virtual and remote engagement, face-to-face engagement has been missed. SM-TDUs applaud efforts by NERC and the Board to examine lessons learned about remote work and virtual engagement to ensure more efficient and effective future engagement efforts. From that examination the Board has proposed a new annual schedule for the post-pandemic environment. Additionally, the Board asks if there are cost-effective ways to use the organization's facilities. The SM-TDUs address each question below.

*Question 1: Do you think the proposed post-pandemic meeting plan for the quarterly Board, MRC, and Board Committee meetings strikes a reasonable balance to enable effective stakeholder engagement with the Board?*

While the SM-TDUs believe that increased use of virtual meetings may be appropriate for many of NERC's forums, the post-pandemic proposal is not appropriate for the MRC. As an autonomous NERC Committee, the MRC has a responsibility to the sector constituents that elected the MRC Representatives to "provide its advice and recommendations **directly** to the Board of Trustees (the 'Board')" (emphasis added). Elected MRC Representatives have three rights and responsibilities: to elect the independent trustees; to vote on amendments to the Bylaws; and 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. All of these responsibilities can be best addressed with personal interaction. While webinars and presentations can work well in a virtual format, more significant strategic and policy-oriented meetings do not. Therefore, the SM-TDUs believe it would be difficult for MRC Representatives to effectively execute their responsibilities with limited Board interaction, as well as interaction with their fellow MRC Representatives.

The SM-TDUs and other sectors depend on face-to-face interaction with Board members to develop a full understanding of particular issues. It is only through such in-person interaction that MRC members can best understand Board members' thinking on any particular issue. It is important to consider, for example, that in recent years several Board seats have changed. The personal interactions that are only available at in-person meetings allow new Board and MRC Representatives to get to know one another much better than can be accomplished through virtual meetings, promoting more productive working relationships. Further, Board and MRC meetings (especially when virtual) have limited time. Often there is not ample time for every Board member to be able to voice an opinion and lay out their reasoning on every matter discussed. Virtual meetings compound this limitation. Hallway conversations and other interactions between Board and MRC Representatives at in-person meetings can help address this limitation by allowing for more fulsome exchange on important issues between Board members and the MRC Representatives.

It is important that if the Board meets in-person four times a year that the MRC also meet with the Board in-person four times a year. It is important for the Board and the MRC to meet in-person for relationship building, conversations, and the other benefits that come with face-to-face discussions. It is equally important that the MRC Representatives have a chance to meet so that different sectors have an opportunity for discourse and consensus development throughout the course of any given year.

While SM-TDUs strongly endorse the in-person approach for all quarterly Board and MRC meetings, the SM-TDUs support NERC's exploration of options for remote participation for those attendees that would prefer a virtual option due to budgetary or other considerations.

The SM-TDUs would also like to communicate that the proposed meeting locations that favor the East and Southwest do not encourage participation by the middle of the country.

Therefore, the SM-TDUs suggest that other parts of the country (e.g. Midwest) should continue to be included as periodic meeting locations along with the Southwest and East.

*Question 2: Do you have other observations about post-pandemic, in-person or virtual meetings that you believe NERC should consider as it examines the possibility of downsizing its physical office space in Atlanta and Washington, DC?*

The SM-TDU sectors continue to encourage cost cutting measures, including reduction in administrative costs. However, cost cutting should not sacrifice engagement effectiveness. Efficiency should be examined, but only after effectiveness is ensured.

In examining the possibility of downsizing the Atlanta and Washington offices, NERC should weigh several factors along with cost savings. NERC conducts many meetings that could utilize the virtual format in some manner. Yet it is likely that the hybrid form (both virtual and in-person attendance) of meeting will become the norm. The NERC offices could become the primary location for such hybrid meetings, with in-person attendees on-site in Atlanta or Washington. Downsizing without full consideration of the likelihood of hybrid meetings and the cost implications could be premature. Further consideration of the full cost implications of downsizing is best considered with the MRC budget group.

Although hybrid meetings will likely be prevalent, virtual meetings work great with many forums, such as virtual summits and conferences, and the SM-TDUs encourage NERC to look for ways to connect with the industry virtually in the post-pandemic environment. It's a great tool to reach the entire industry and engage with more people. Virtual communication works best for one-way information sharing and when in-person discussions are not as important.

An important topic that the SM-TDUs want to note for the Board is security concerns associated with virtual meetings. Here are some additional points we would share in that regard:

- Confidentiality of sensitive information should continue to be of the utmost importance.
- More virtual meetings will mean additional cybersecurity risks and additional costs associated with mitigating such risks. NERC should consider the additional risks and whether its security protocols are robust enough given the recent large government agency cyber breaches, especially how it will present information and avoid a potential breach and inadvertent disclosures. This is especially important for closed session information.

We appreciate the opportunity to comment and look forward to the February Meeting discussion.