

Meeting Agenda

Q2 Board of Directors

June 23, 2022

11:00 a.m. to 2:30 p.m. Central

Hybrid Meeting: St. Paul, MN & Webex



**MIDWEST
RELIABILITY
ORGANIZATION**

380 St. Peter St, Suite 800
Saint Paul, MN 55102

651-855-1760

www.MRO.net

NOTICE REQUIREMENTS

Pursuant to the Midwest Reliability Organization's ("MRO") Bylaws, section 7.7, the Secretary is required to publish the schedule of regular board meetings to all members. This meeting is a regularly scheduled meeting of the Midwest Reliability Organization Board of Directors. Notice of this meeting was proper and the date was made available to all members in 2021 by posting the 2022 regularly scheduled board meeting dates on [MRO's website calendar](#).

The location, precise time of the meeting, and draft agenda of items to be discussed was properly noticed to members on May 24, 2022, 30 days prior to the scheduled meeting, and was published on the [MRO website](#).

VIDEO AND AUDIO RECORDING

Please note that Midwest Reliability Organization (MRO) may make a video and/or an audio recording of this board of directors meeting for the purposes of making this information available to board members, members, stakeholders and the general public who are unable to attend the meeting.

By attending this meeting, I grant MRO:

1. Permission to video and/or audio record the board meeting including me; and
2. The right to edit, use, and publish the video and/or audio recording.
3. I understand that neither I, nor my employer, has any right to be compensated in connection with the video and/or audio recording or the granting of this consent.



AGENDA

Agenda Item	Time
1. <u>Call to Order and Determination of Quorum</u> <i>Brad Cox, Board Chair</i>	11:00 a.m.
2. <u>Hybrid Meeting Logistics Review</u> <i>Julie Peterson, Assistant Corporate Secretary and Senior Counsel</i>	---
3. <u>Standards of Conduct and Antitrust Guidelines</u> <i>Lisa Zell, Vice President General Counsel and Corporate Secretary</i>	---
4. <u>Consent Agenda</u> <i>Lisa Zell, Vice President General Counsel and Corporate Secretary</i>	---
5. <u>President's Report</u> <i>Sara Patrick, President and CEO</i>	11:05 a.m.
6. <u>Chair's Remarks</u> <i>Brad Cox, Board Chair</i>	11:15 a.m.
7. <u>The Brave New World of Resilience</u> <i>Howard Gugel, NERC Vice President of Engineering and Standards</i>	11:25 a.m.
Lunch Break	11:45 p.m.
8. <u>2022 MRO and NERC Summer Reliability Assessments</u> <i>John Moura, NERC Director of Reliability Assessment and Performance Analysis</i> <i>Bryan Clark, Director of Reliability Analysis</i>	1:00 p.m.
9. <u>Finance and Audit Committee Report</u> <i>Dr. Dana Born, FAC Chair</i>	1:20 p.m.
10. <u>Governance and Personnel Committee Report</u> <i>Jeanne Tisinger, GPC Chair</i>	1:40 p.m.
11. <u>Organizational Group Oversight Committee Report</u> <i>Paul Crist, OGOC Chair</i>	1:55 p.m.
12. <u>Security Advisory Council Report</u> <i>Clayton Whitacre, Security Advisory Council Chair</i>	2:05 p.m.
Written Reports	2:15 p.m.
13. <u>Canadian Affairs Report (Written Report)</u> <i>Lam Chung, Vice President and Engineer for Strategy, Innovation, and Finance</i>	---
14. <u>MRO Operational Activities (Written Report)</u> <i>Richard Burt, Senior Vice President and Chief Operating Officer</i>	---
15. <u>MRO Outreach Report (Written Report)</u> <i>Richard Burt, Senior Vice President and Chief Operating Officer</i>	---
16. <u>External Affairs Report (Written Report)</u> <i>Tasha Ward, Director of Enforcement and External Affairs</i>	---
17. <u>Policy Matters (Written Report)</u> <i>Sara Patrick, President and CEO</i>	---

Agenda Item	Time
- NERC May Board and MRC meetings	
18. <u>Other Business and Adjourn</u> <i>Brad Cox, Board Chair</i>	2:30 p.m.

Call to Order and Determination of Quorum

Brad Cox, Chair

2022 MRO Board of Directors

Name	Sector	Term
Brad Cox, Chair	Generator and/or Power Marketer	12/31/2022
Dr. Dana Born, Vice Chair	Independent Director	12/31/2023
Aaron Bloom	Generator and/or Power Marketer	12/31/2024
Ben Porath	Cooperative	12/31/2024
Charles Marshall	Transmission System Operator	12/31/2023
Darcy Neigum	Investor Owned Utility	12/31/2023
Daryl Maxwell	Canadian Utility	12/31/2024
Dehn Stevens	Investor Owned Utility	12/31/2022
Eric Schmitt	Independent Director	12/31/2024
Iqbal Dhami	Canadian Utility	12/31/2023
Jeanne Tisinger	Independent Director	12/31/2024
Jennifer Flandermeyer	Regional Director	12/31/2024
JoAnn Thompson	Investor Owned Utility	12/31/2022
JP Brummond	Investor Owned Utility	12/31/2022
Lloyd Linke	Federal Power Marketing Agency	12/31/2024
Michael Desselle	Transmission System Operator	12/31/2022
Michael Lamb	Investor Owned Utility	12/31/2023
Paul Crist	Municipal Utility	12/31/2022
Priti Patel	Cooperative	12/31/2022
Scott Nickels	Municipal Utility	12/31/2023
Stuart Lowry	Regional Director	12/31/2024
Thomas Graham	Independent Director	12/31/2023
Tom Finco	Transmission System Operator	12/31/2024

Hybrid Meeting Logistics Review

Julie Peterson, Assistant Corporate Secretary and Senior Counsel

Action

Information.

Report

Julie Peterson, Assistant Corporate Secretary and Senior Counsel, will review some best practices to ensure a positive hybrid meeting experience for those both attending in person and attending via Webex.

Standards of Conduct and Antitrust Guidelines
Lisa Zell, Vice President General Counsel and Corporate Secretary

Standards of Conduct Reminder:

Standards of Conduct prohibit MRO staff, committee, subcommittee, and task force members from sharing non-public transmission sensitive information with anyone who is either an affiliate merchant or could be a conduit of information to an affiliate merchant.

Antitrust Reminder:

Participants in Midwest Reliability Organization meeting activities must refrain from the following when acting in their capacity as participants in Midwest Reliability Organization activities (i.e. meetings, conference calls, and informal discussions):

- Discussions involving pricing information; and
- Discussions of a participants marketing strategies; and
- Discussions regarding how customers and geographical areas are to be divided among competitors; and
- Discussions concerning the exclusion of competitors from markets; and
- Discussions concerning boycotting or group refusals to deal with competitors, vendors, or suppliers.

Consent Agenda

Julie Peterson, Assistant Corporate Secretary and Senior Counsel

Action

Approve the consent agenda.

Report

The consent agenda includes draft minutes from the open meeting held on April 7, 2022. These minutes are available on the [MRO website](#), and for board review on [Boardvantage](#). Please provide any edits or comments to julie.peterson@mro.net.

President's Report
Sara Patrick, President and CEO

Action

Discussion

Report

I will provide a verbal report at the meeting.

Chair's Remarks
Brad Cox, Board Chair

Action

Discussion

Report

I will provide a verbal report at the meeting.

The Brave New World of Resilience
Howard Gugel, NERC Vice President of Engineering and Standards

Action

Discussion

Report



Howard Gugel is the vice president of Engineering and Standards at NERC. In this role he is responsible for providing engineering analysis and support for NERC activities and directing all aspects of NERC's continent-wide standards development process by providing oversight, guidance, coordination, and industry education of the development of Reliability Standards.

He previously served as the director of Performance Analysis, where he was responsible for the development, maintenance, and analysis of reliability performance metrics, including those in NERC's annual State of Reliability report. This included analyzing various databases of transmission and generations outages to look for statistically significant trends.

Mr. Gugel has more than 29 years of experience in the electric utility industry. Prior to joining NERC, he was a transmission area maintenance manager for Progress Energy Florida, where he managed a staff of field personnel who maintained transmission lines and substation equipment. Prior to that, he was a transmission planning manager, also for Progress Energy Florida. His background includes management experience in operations and energy marketing. He has worked for two investor-owned utilities, a rural electric cooperative, and an energy marketing firm.

Mr. Gugel earned his bachelor's and master's degree in Electrical Engineering from the University of Missouri – Rolla. He is a licensed professional engineer in the state of Missouri.

2022 MRO and NERC Summer Reliability Assessments

John Moura, NERC, Director of Reliability Assessment and Performance Analysis

Bryan Clark, Director of Reliability Analysis

Action

Discussion

Report

NERC released its annual [2022 Summer Reliability Assessment \(“SRA”\)](#) on May 18, 2022. This report is an independent assessment meant to identify potential bulk power system reliability risks. It also provides an evaluation of resource and transmission system adequacy necessary to meet projected summer peak demand. This report is intended to inform industry leaders, planners, operators and regulatory bodies so they are better prepared to take necessary actions to ensure bulk power system reliability.

MRO also released its annual [2022 Regional Summer Assessment](#). This report complements the NERC SRA and provides a regional focus on reliability risks as well as system adequacy.

NERC and MRO staff will provide a short presentation on key findings from the assessment.

Finance and Audit Committee Report
Dr. Dana Born, Finance and Audit Committee Chair

Action

Approve Resolution 22-001 to approve re-appointment of Baker Tilly to conduct the 2022 independent financial audit of MRO.

Approve Resolution 22-002 to approve the Post-Retirement Medical Fund, 2023 Reserves, and the 2023 MRO Business Plan and Budget.

Report

The Finance and Audit Committee (FAC) met on May 5, 2022. The following is a summary of items discussed and actions taken by the committee at this meeting. The full meeting agenda is on Boardvantage [here](#).

Review Year-to-Date Financials

MRO staff reviewed the 2022 Treasurer's Report with the committee. Unaudited expenses were reported to NERC as 7.8 percent under budget. Variances contributing to the results include hybrid meetings, travel costs, and consulting contractors. Savings from the prior year will be used to cover costs associated with an audio visual upgrade that was delayed until 2022 due to supply chain issues.

[Click here to view the 2022 Unaudited Statement of Activities.](#)

Independent Financial Audit

MRO staff advised that staff remains pleased with the work of Baker Tilly as an independent audit firm and shared its written external auditor evaluation with the committee. During its second quarter meeting on May 5, 2022, the FAC recommended the Board of Directors approve a resolution to re-appoint Baker Tilly to conduct an independent financial audit of MRO for 2022. Accordingly, [Resolution 22-001](#) is presented to the board for approval.

2023 Business Plan and Budget

MRO staff reviewed key updates to its 2023 budget presentation including a comparison of budget requests by region. Staff also referred the FAC to key data illustrating ways in which the work at MRO is both increasing and changing, including noncompliance statistics, the total number of registered entities and registered functions, self-log submittals, outreach event attendance, and the quarterly aging average for noncompliance reported to NERC and currently in process. During the second quarter meeting on May 5, 2022, the FAC recommended the Board of Directors approve a resolution to approve the Post-retirement Medical Funding, 2023 Reserves, and the MRO 2023 Business Plan and Budget. Accordingly, [Resolution 22-002](#) is presented to the board for approval.

Review PP13 MRO 30-Day Reserve Policy

Staff noted that MRO's funding has been supplemented with the use of reserves and advised that consideration is being given to a reduction specifically for the targeted operating reserve amount in light of MRO's stable funding source and available line of credit. The reduction proposal, including associated

revisions to Policy and Procedure 13: Reserves Policy, will be provided to the FAC during the third quarter meeting.

Review of MRO Business Insurance

Staff provided the FAC with an annual review of MRO's business insurance. Current coverage is satisfactory but there will be noted increases in premiums as a result of the pandemic and increasing cybersecurity risks.

Quarterly Governance Task List Status Report

MRO staff reviewed the Governance Task List with the committee. The key tasks of the second quarter were conducting a review of the external auditor, recommending the 2023 business plan and budget, and conducting a review of MRO's business insurance. The committee received a full list of all tasks to be completed this year, and was informed that all tasks are up to date.

[Click here to view the FAC governance task list.](#)

FAC Members

For your reference, the FAC consists of the following board members:

- Dr. Dana Born (Chair), Independent Director
- Darcy Neigum, Investor Owned Utility Sector
- JP Brummond, Investor Owned Utility Sector
- Lloyd Linke, Federal Power Marketing Agency Sector
- Priti Patel, Cooperative Sector
- Scott Nickels, Municipal Utility Sector
- Thomas Graham, Independent Director

RESOLUTION 22-001
MIDWEST RELIABILITY ORGANIZATION
BOARD OF DIRECTORS
Resolution Regarding Reappointment of Independent Audit Firm

WHEREAS, the regional delegation agreement between the North American Electric Reliability Corporation (NERC) and Midwest Reliability Organization (MRO) requires that MRO submit audited financial statements to NERC annually; and

WHEREAS, the MRO Finance and Audit Committee (MRO FAC) has reviewed the qualifications and performance of MRO's existing independent audit firm Baker Tilly, LLC; and

WHEREAS, the MRO FAC recommends the MRO Board of Directors reappoint Baker Tilly, LLC to audit MRO's 2022 financial statements.

NOW, THEREFORE, BE IT RESOLVED that the MRO Board of Directors finds that the above recommendation to reappoint Baker Tilly LLC allows MRO to meet its delegated obligations; and

BE IT FURTHER RESOLVED, that MRO staff is directed to engage Baker Tilly, LLC as the independent audit firm to audit MRO's 2022 financial statements.

MIDWEST RELIABILITY ORGANIZATION

Sara E. Patrick, President and CEO
Lisa A. Zell, Corporate Secretary

Corporate Secretary Signature

Dated

RESOLUTION 22-002
MIDWEST RELIABILITY ORGANIZATION
BOARD OF DIRECTORS

Resolution Approving the Post-Retirement Medical Funding, 2023 Reserves, and 2023 Business Plan and Budget

WHEREAS, the Midwest Reliability Organization (MRO) Finance and Audit Committee (MRO FAC) has reviewed the proposed MRO Post-Retirement Medical Plan funding and recommends that the MRO Board of Directors approve the funding as part of the 2023 Business Plan and Budget; and

WHEREAS, the MRO Board of Directors approved the currently effective MRO Reserve Policy; and

WHEREAS, the MRO FAC has reviewed the targeted operating reserves requirements necessary to satisfy the projected annual cash flow and cash balance requirements, and determined that a 30-day cash requirement is sufficient and meets the requirements of the Reserve Policy; and

WHEREAS, the MRO FAC has reviewed the proposed 2023 Business Plan and Budget and believes that the proposed 2023 Business Plan and Budget is sufficient for MRO to meet its responsibilities under the delegation agreement and fulfill its statutory obligations; and

WHEREAS, the MRO FAC recommends that the MRO Board of Directors approve the proposed 2023 Business Plan and Budget.

NOW, THEREFORE, BE IT RESOLVED that the MRO Board of Directors finds that the proposed 2023 Business Plan and Budget, including the funding for the MRO Post-Retirement Medical Plan and the targeted operating reserve of 30-days cash, which meet the requirements of the Reserve Policy, is sufficient for MRO to meet its responsibilities under the delegation agreement and fulfill its statutory obligations;

AND THEREFORE BE IT ALSO RESOLVED that the MRO Board of Directors approves the proposed 2023 Business Plan and Budget; and

BE IT FINALLY RESOLVED that MRO staff is directed to take all necessary and appropriate steps to ensure that the budget as approved by the MRO Board of Directors is submitted to and approved by the North American Electric Reliability Corporation Board of Trustees and the applicable regulatory agencies.

MIDWEST RELIABILITY ORGANIZATION

Sara E. Patrick, President and CEO

Lisa A. Zell, Corporate Secretary

Corporate Secretary Signature

Dated

Governance and Personnel Committee Report
Jeanne Tisinger, Governance and Personnel Committee Chair

Action

Discussion

Report

The Governance and Personnel Committee (GPC) held its quarterly meeting via Webex on June 2, 2022. The following is a summary of the items discussed and actions taken by the committee during the meeting. Board members may review the full meeting agenda on Boardvantage [here](#).

Quarterly Human Resources Report

MRO has been focused on staffing to fill the open positions and fill those created by retirements this quarter. Staff has also continued to transition to a hybrid work environment and several events to encourage staff engagement and feedback have been held.

MRO is also engaging with Willis Towers Watson in order to perform a review of its compensation philosophy and performing an evaluation of current staff compensation that will be initiated in Q1 2023.

MRO Corporate Data Project

MRO is currently undertaking a substantial review and revisions to its data retention and destruction policy and program, which currently falls under [Policy and Procedure 8: Document Retention and Destruction](#) (PP8).

MRO is also currently working on categorizing, organizing, and labeling all of its corporate data such that when the policy review is complete, the data will be prepared to follow the revised policy. In addition, MRO is participating with other regions to create data classifications for our respective data in order to increase consistency across the ERO, the results of this effort will be included as part of this review. These changes will also assist MRO in implementing the Management Action Plans to address the findings from NERC's completed audit of MRO's confidential data practices.

Once this process is completed, PP8 will be removed as one of MRO's 14 board approved Policies and Procedures and added to MRO's internal policies, as this policy only applies to MRO employees and would allow staff to remain more nimble should any applicable laws or regulations pertaining to this policy change.

Employee Engagement Survey Action Items

MRO has implemented several changes and initiated efforts based on the results of MRO's Employee Engagement Survey, which was performed in March of 2021. These changes address the six areas recommended for improvement:

- Celebrate and maintain strengths
- Seek employee input, when possible
- Keep employees informed
- Improve cross-departmental information sharing

- Identify development/growth/training opportunities
- Provide positive and constructive feedback

The efforts made to address these areas include an update to MRO's employee recognition program; roll out of quarterly performance conversations, which replaced annual reviews; and the implementation of individual development plans, succession planning, and leadership training. Additionally, staff has placed an emphasis on intentional celebrations around MRO's achievements – such as MRO's reception of the Mogul Award for Top 100 Workplaces with the Best Benefits in 2021. As such, MRO has also reimagined its employee recognition program, the "Spot Awards," adding clarity and transparency to the process, and launched a new recognition program, the "Diamond" Award.

Quarterly Report on Whistleblower Hotline Activity

Lighthouse provides third-party hotline services for anonymous reports related to the investigation of suspected violations of law, MRO's policies and procedures, and external regulations. The Chief Compliance Officer receives monthly reports on any use of the hotline as well as any actions taken on any reported issues and reports them quarterly to the GPC. As of today's report, there has been no activity.

GPC Roster

For your reference, the GPC consists of the following board members:

- Jeanne Tisinger (Chair), Independent Director
- Dr. Dana Born, Independent Director
- Michael Lamb, Investor Owned Utility Sector
- Eric Schmitt, Independent Director
- Tom Finco, Transmission System Operator Sector
- Stuart Lowry, Regional Director
- Thomas Graham, Independent Director

Organizational Group Oversight Committee Report
Paul Crist, Organizational Group Oversight Committee Chair

Action

Information

Report

The Organizational Group Oversight Committee (OGOC) will hold a hybrid meeting on June 22, 2022, the day before this board meeting. Topics on the agenda for this meeting include:

- Revisions to the OGOC charter
- Organizational Group Member Recruitment Campaign to Support Diversity Efforts
- Transitioning the OGOC to Electronic Approvals Outside of Meetings
- Risk Round Table: Supply Chain
- OGOC Interactions with Advisory Councils
- Reports from the Advisory Councils

The OGOC will also join the Security Advisory Council (SAC) for a portion of their meeting. I will provide a verbal report on the recent activities of the OGOC at the board meeting.

For your reference, the OGOC consists of the following board members:

- Paul Crist (**Chair**), Municipal Utility Sector
- JoAnn Thompson (**Vice Chair**), Investor Owned Utility Sector
- Aaron Bloom, Generator and/or Power Marketer Sector
- Ben Porath, Cooperative Sector
- Charles Marshall, Transmission System Operator Sector
- Daryl Maxwell, Canadian Utility Sector
- Dehn Stevens, Investor Owned Utility Sector
- Eric Schmitt, Independent Director
- Iqbal Dhami, Canadian Sector
- Jeanne Tisinger, Independent Director
- Jennifer Flandermeyer, Regional Director

Security Advisory Council Report
Clayton Whitacre, Chair of the Security Advisory Council

Action

Information

Report

The Security Advisory Council (SAC) is scheduled to meet on June 22, 2022, the day before the first quarter board meeting. At the board meeting, I will provide an oral report on the recent activities of the SAC and items discussed at the SAC meeting.

Canadian Affairs Report

Lam Chung, Vice President and Engineer for Strategy, Innovation, and Finance

Action

Information (Written Report)

Report

2022 CAMPUT Annual Conference

As part of our strategic objective to expand provincial outreach, MRO staff participated virtually in the three-day annual conference of Canada's Energy and Utility Regulators, CAMPUT, held on May 2-4, in Vancouver, BC. The theme of the conference, conducted in hybrid format this year, was titled "Deep Dive into Disruption," where presenters and panelists discussed various issues and topics surrounding changes to the energy industry. Jim Robb, President and CEO of NERC, participated as a panelist and shared his thoughts on the role of natural gas in maintaining reliability of the electric grid.

Manitoba Reliability Standards Regulation Update

The Manitoba government established a statutory framework for compliance with Reliability Standards in April of 2012. This framework includes the Reliability Standards Regulation which provides for the adoption of Reliability Standards applicable to Manitoba registered entities and outlines the Compliance Monitoring and Enforcement Program in Manitoba. The Reliability Standards Regulation is updated annually to reflect the Reliability Standards in effect in the province. The Manitoba government shared with MRO its draft Reliability Standards Regulation amendment for 2022. The amendment is targeted to come into effect in Manitoba on July 1, 2022.

MRO Operational Activities Report
Richard Burt, Senior Vice President and Chief Operating Officer

Action

Information (Written Report)

Report

In the second quarter, MRO continued its transition to the “new normal” by conducting a number of activities in-person that have been performed remotely over the last two years. In addition to in-person attendance for the 2022 Reliability Conference, MRO also successfully completed two on-site audits of registered entities after performing only remote oversight the past two years.

In response to stakeholder feedback, MRO recently implemented a number of changes to improve registered entities’ experience during the process of resolving noncompliances. MRO is now utilizing “primary contacts” for each registered entity as a single point of contact for questions, regardless of which MRO employee is assigned the risk assessment, mitigation, or enforcement tasks associated with a noncompliance. Registered entities can also use this primary contact for other MRO-related questions. These changes compliment the work done with a process consultant in late 2021 to identify opportunities for improved efficiency as this work transitions into Align. MRO communicated these changes and other topics to entities in a webinar on April 28, 2022.

[MRO’s 2022 Regional Risk Assessment \(RRA\)](#) identified “Bulk Power System (BPS) Modelling Accuracy” as a high risk to reliability for the MRO region. The risks of “Reactive Capability of Inverter Based Resources (IBRs) and Reactive Resource Adequacy” and “IBR Modelling and Ride-Through Capabilities” were both identified as Medium risks to the region. NERC Reliability Standards MOD-025 and PRC-019 are in place to partially mitigate these risks. The purpose of MOD-025 is to ensure that accurate information on generator and synchronous condenser power capability (including reactive power) is available for planning models used to assess reliability. PRC-019 requires the verification of regulating controls, limit functions, equipment capabilities and Protection System settings on generators and synchronous condensers. Due to the link between these critical Standards and MRO’s 2022 RRA, coupled with the highly technical nature of the associated Requirements, MRO engaged a third-party training contractor to augment MRO staff’s understanding of these topics, related risks, and common best practices for industry to mitigate. Twenty (20) MRO employees participated in this training event held on-site at MRO’s offices in St. Paul.

In addition to this training, and in response to multiple events in other parts of North America that were either caused or exacerbated by IBRs failing to ride-through disturbances, MRO staff has initiated discussions with Reliability Coordinators within the region to better understand this risk. While the Eastern Interconnection has yet to see an event of substantial measurable impact like the [Blue Cut Fire](#) or [Odessa](#) events, MRO staff believes it is possible that the size of the Eastern Interconnection could be masking these types of events from impacting monitored attributes such as system frequency to the point that they are detectable. MRO is coordinating these discussions with NERC and other Regional staff, in hopes of working with select MRO entities to detect similar situations, allowing the capture of information to help us analyze the response of IBRs in the Eastern Interconnection proactively, prior to a more impactful event taking place.

After working with a MRO Registered Entity to analyze an event on their system, the root cause was determined to be a slight variation of a common utility practice regarding the use of temporary jumpers for a failed capacitor coupled voltage transformer (CCVT). Due to the likelihood that other entities could also encounter this same situation, MRO worked with the registered entity and NERC to generate a Lessons Learned for industry on [Unintended Consequences of Altering Protection System Wiring to Accommodate Failing Equipment](#).

Outreach Report

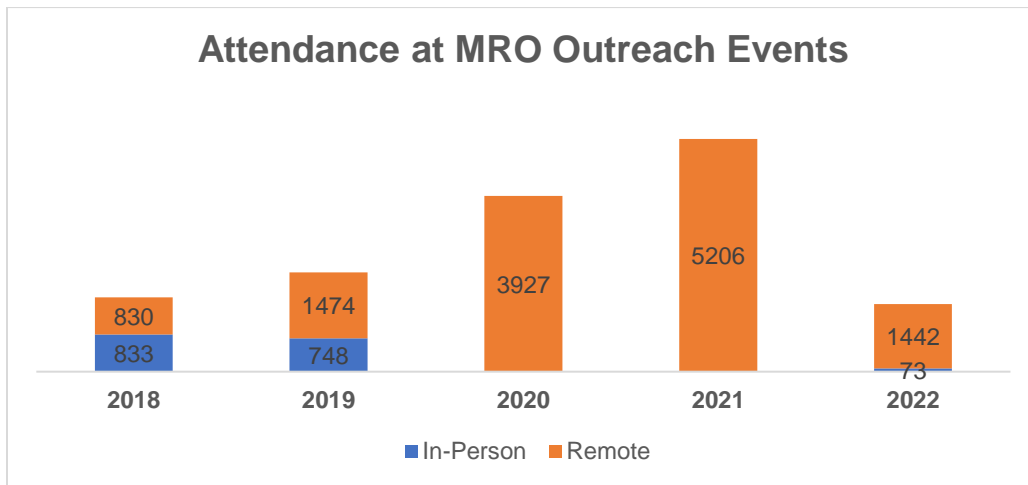
Richard Burt, Senior Vice President and Chief Operating Officer

Action

Information (Written Report)

Report

MRO uses outreach as a primary tool to identify, prioritize, and mitigate risks to reliability and security, and continues to focus on outreach opportunities to meet the growing demand of industry.



In the second quarter, MRO conducted its first outreach event with in-person attendance since October of 2019. The MRO Annual Reliability Conference took place in Kansas City on May 18, in conjunction with an in-person Reliability Advisory Council (RAC) meeting. The one-day conference focused on reliability topics across the industry and specific to the MRO region. There were a total of 365 persons in attendance, 73 of which were in-person.



Additional MRO outreach completed since the report provided to the board in the first quarter includes the following:

- On April 15, 2022, MRO hosted the [MRO Security Advisory Council Threat Forum \(SACTF\) Webinar: The Industrial Control Systems \(ICS\) / Operational Technology \(OT\) Year in Review](#). The webinar highlighted the annual Dragos ICS/OT Year in Review reports on how the community is performing and surfaced areas of improvement needed to provide safe and reliable operations. Approximately 72 individuals participated in the webinar.
- On April 18, 2022, the MRO Compliance Monitoring and Enforcement Program Advisory Council (CMEPAC) hosted an [Internal Controls Question and Answer Session Webinar](#). The webinar focused on Internal Controls There were 91 attendees.
- On April 26, 2022, the MRO Security Advisory Council (SAC) hosted a webinar: [Information Sharing & Public/Private Partnerships](#). The webinar discussed sharing threat information between government and industry to raise awareness and provide clarity on information sharing opportunities. There were 95 attendees.
- On April 28, 2022, the MRO Risk Assessment and Mitigation Department (RAM) hosted a virtual [RAM Process Webinar](#). This webinar focused on the process improvement initiative within MRO's RAM department, internal Align process changes, updated guidance on Self-Logging, new Standard activity, proposed Rules of Procedure changes, and answers to notable HEROs questions asked by entities. There were 189 attendees.
- The MRO Security Advisory Council Threat Forum (SACTF) continues its weekly threat calls, completing 17 so far this year with approximately 62 weekly attendees.
- The CMEPAC continues to host monthly calls with an average of 65 attendees per call. This forum allows registered entities to share best practices, discuss compliance issues, and provide input to outreach opportunities that would best assist entities in the MRO footprint.
- MRO will be hosting a [webinar on June 30, 2022](#) to highlight key findings from the [2022 Regional Summer Assessment \(RSA\)](#), which was published on June 8. This assessment focuses on the bulk power system in MRO's regional footprint.
- MRO will host the [CMEP conference](#) sponsored by the CMEPAC at the MRO offices as well as via Webex on July 26, 2022. The conference is currently being developed and the agenda will be posted soon.

I look forward to any questions or input you might have on MRO's outreach efforts.

External Affairs Report
Tasha Ward, Director of Enforcement and External Affairs

Action

Information (Written Report)

Report

Webinars, Conferences, and Meetings

On June 6-7, 2022, John Seidel, Principal Technical Advisor, participated on a panel at the Wisconsin Office of Energy Innovation's (in partnership with Wisconsin Emergency Management and with support from the National Association of State Energy Officials (NASEO) and the U.S. Department of Energy's Office of Cybersecurity, Energy Security and Emergency Response) regional education workshop entitled "Shattered Cheddar." This workshop was for state emergency management and energy office emergency response staff from the Midwest, Great Plains, and Rocky Mountain regions to explore how states can improve their ability to identify gaps in energy management plans as they relate to multi-state coordination, among other current issues states may face.

ERO Enterprise State Outreach Initiative

The ERO Enterprise State Outreach Initiative is continuing to strengthen relationships and become a valuable and trusted resource for other federal and state regulatory agencies. Additionally, MRO continues to coordinate with neighboring regions on outreach opportunities in states located within multiple regional footprints. On April 22, 2022, Sara Patrick, President and CEO, attended a joint meeting with the NERC Board of Trustees and NARUC's Electricity Committee. This meeting focused on strategic reliability and security issues, including the intersection of state and federal jurisdictions.

In June, by invitation, Patrick, Steen Fjalstad, Director of Security, and I met with a commissioner and staff member of the Minnesota Public Utilities Commission to discuss current trends and concerns around cybersecurity topics. In addition, on June 13, 2022, at a jointly hosted presentation by the Minnesota Public Utilities Commission and Department of Commerce, Fjalstad was part of a five-person panel discussion about cybersecurity threats to the grid. On June 16, 2022, Fjalstad gave a presentation on the "Convergence between Physical Security and Cybersecurity" at the Minneapolis Corporate Security Symposium. The Minneapolis Corporate Security Symposium featured speakers from the Department of Homeland Security, Federal Bureau of Investigation, other U.S. Government entities, state, and local agencies, as well as the private sector.

On June 8, 2022, Seidel, along with staff from ReliabilityFirst, gave a presentation to the Illinois Public Utility Commission about battery storage. Bryan Clark, Director of Reliability Analysis, and I will attend the Mid-American Regulatory Conference (MARC) Annual Meeting on June 19-23, 2022. MARC is an association of regulatory agencies from 14 Midwest states (Arkansas, Kansas, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin). Attendees at the annual meeting include state commissioners, commission staff, and representatives of regulated industries, as well as interested members of the public. Topics on this year's agenda included *FERC Order No. 2222 Use Cases and Implementation*, and *Building for the New Normal: Development of Grid Enhancement Investments and Other Technologies*.

MRO will continue to send communications and meet with state regulators to educate on MRO and ERO reports (e.g., Summer Reliability Assessment) and inform of MRO and ERO Enterprise outreach opportunities. Additionally, updates on the state outreach and other regulatory happenings are published in Midwest Reliability Matters, MRO's bi-monthly newsletter.

Policy Matters
NERC May Board of Trustees Meetings
Sara Patrick, President and CEO

Action

Information (Written Report)

Report

The following NERC meetings took place on May 11-12, 2022:

- NERC Board Committee Meetings;
- NERC Member Representatives Committee (MRC) Meeting; and
- NERC Board of Trustees Meeting.

The full meeting agendas, presentations, and draft minutes are on NERC's [website](#).

In addition, prior to the MRC meeting, the NERC Trustees and Regional Entity Board Officers Semiannual meeting was conducted in closed session on May 10, 2022.

NERC Trustees and Regional Entity Board Officers Semiannual Meeting Highlights

Brad Cox, Dana Born, Jeanne Tisinger, and Sara Patrick represented MRO at this semiannual meeting. Ken DeFontes, Chair of NERC's Board of Trustees, focused much of the meeting on the outreach efforts the Regional Entities have undertaken with state and provincial regulators. The discussion centered on the degree of support and resourcing for this program across the Regional Entities, the support of NERC in building and executing this program, and the steps the ERO Enterprise could take to be even more impactful as bulk power system reliability and security issues move closer to state and provincial policy decisions. Additionally, DeFontes introduced the topic of whether there is opportunity for more collaboration and coordination around business plan and budgeting processes across the seven independent organizations. The MRO Board will be briefed on these discussions in executive session on June 23, 2022.

NERC Member Representatives Committee Meeting Highlights

The NERC Member Representatives Committee (MRC) met on May 11, 2022. Roy Jones, MRC Chair, provided opening remarks and guided the committee through its agenda.

Ken DeFontes, NERC Board Chair, acknowledged the need to transition to hosting the meetings virtually and indicated that NERC still intends to hold the August and November meetings in Vancouver, Canada and New Orleans, respectively, with appropriate precautions in place.

The first order of business was the report of the Board of Trustees Nominating Committee, which indicated that Trustee Roy Thilly's term expires in February 2023 and he will be term limited. NERC has secured the services of a Russell Reynolds to assist in finding a replacement. Additionally, Suzanne Keenan's and Jim Piro's terms expire in February 2023. Trustees Keenan and Piro are willing and interested to serve an additional term, and the Committee has made a preliminary determination that it will nominate them for re-election.

Much of the meeting was devoted to discussions related to the policy input request focused on ways the ERO Enterprise and industry can work together to strengthen action to address emerging risks with a particular interest on known reliability gaps with inverter-based resources. John Moura, NERC's Director of Reliability Assessments and Technical Committees, shared themes from the responses received. With regard to the ERO Enterprise and industry working together to more effectively address fast emerging risks, the following themes emerged:

- Improve Reliability Guidelines, collaboration, and information sharing;
- Review and improve the ERO Risk Framework;
- Close gaps with Reliability Standards;
- Evaluate the Standards Development Process; and
- Enable and facilitate early implementation of essential actions identified with Standards under development.

With regard to other actions the ERO Enterprise should take to ensure known reliability gaps with BPS-connected inverter-based resource performance, the following themes emerged:

- Develop processes for existing tools, such as a Level 3 NERC Alert (which requires industry to respond and take identified action);
- Outreach to industry executives and states;
- Support for on-going actions, including:
 - Continue outreach and lessons learned from disturbances;
 - Recommend changes for FERC interconnection agreements;
 - Support for adoption of IEEE-2800 and related Reliability Standards;
 - Inverter-Based Resource Performance Subcommittee and NERC staff-initiated SARs; and
 - Reliability Standard PRC-024 revisions.
- Additional actions to consider:
 - Standards improvements to add specific modeling and performance requirements (e.g., electromagnetic transient studies); and
 - Lower threshold (e.g., <75MVA) to recognize risks from inverter-based resources.

Moura indicated that NERC would be engaging with the Reliability Issues Steering Committee and the Reliability and Security Technical Committee to develop an action plan to address inverter-based generation performance risk.

David Ortiz, Acting Director of the Office of Electric Reliability at FERC, shared an update on FERC activities, highlighting the Joint Federal-State Task Force on Electric Transmission which has focused on incorporating state perspectives into regional transmission planning, the types of transmission benefits that should be considered in transmission planning and cost allocation, as well as examining barriers to the efficient, expeditious, and reliable interconnection of new resources. Ortiz also recognized NERC and the Regional Entities for their contributions and participation in the Technical Conference on Improving Winter-readiness of Generating Units, which was held on April 27. Ortiz also shared:

- a summary of FERC's Order directing independent system operators (ISOs) / regional transmission organizations (RTOs) to submit information identifying each system's current needs given the changing resource mix and load profiles;
- expectations of system needs to change over the next five years and over the next ten years;

- plans for potential reforms to all the markets to address those needs; as well as any other reforms, including capacity market reforms and any other resource adequacy reforms that would help each ISO/RTO meet changes in system needs.

Responses from the ISO/RTO's are due October 18, 2022, with public comments on those responses due December 19, 2022. Ortiz also thanked industry for responses to FERC's Notice of Proposed Rulemaking (NOPR) proposing to develop new critical infrastructure protection (CIP) requirements for internal network security monitoring associated with high and medium impact bulk electric system (BES) cyber systems.

NERC Board of Trustees Meeting Highlights

The NERC Board of Trustees held its quarterly meeting virtually on May 12, 2022. Opening remarks were made by David Turk, Deputy Secretary, Department of Energy (DOE); Richard Glick, Chair, Federal Energy Regulatory Commission (FERC); Willie Phillips, Commissioner, FERC; Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, DOE; and David Morton, Chair of both the British Columbia Utilities Commission and CAMPUT. Jim Robb, NERC President and CEO, welcomed everyone to the virtual meeting and shared NERC's three-year plan to enhance a proactive approach to risk and making needed investments to influence change. He highlighted NERC's four areas of focus: energy, security, agility, and sustainability, noting that the plan "leverages technology in a powerful way and continues to drive efficiency and effectiveness, while embedding risk-informed thinking into [NERC's] programs and processes."

The 2023 Business Plan and Budget, which was discussed at the Board's Finance and Audit Committee meeting on May 11, highlights initiatives focused on an expanded Electricity Information Sharing and Analysis Center (E-ISAC), a more secure bulk power system and a more secure NERC. The budget will be posted for comment on May 25 and reviewed by the Board at the August Board meeting, which is scheduled to take place August 17-18 in Vancouver, Canada.

Mark Olson, NERC's Manager of Reliability Assessments, discussed the findings in the [2022 Summer Reliability Assessment](#). The assessment focuses on the unprecedented conditions that are challenging grid resilience — most notably, above-normal temperatures and drought conditions over the western United States and Canada and the elevated or high risk of energy shortfalls. John Moura, NERC's Director of Reliability Assessments and Technical Committees, previewed preliminary findings for the 2022 State of Reliability report, which is expected to be released in mid-July.

To increase agility, NERC's Board directed staff in February to evaluate the standard development process to keep pace with the rapid change going on within the industry. Staff reviewed the body of rules regarding standards development, and Howard Gugel, NERC's Vice President of Engineering and Standards, presented preliminary recommendations, including:

- streamlining processes for Standard Authorization Requests;
- reconsidering the requirement for a final ballot for all standards actions;
- clarifying the circumstances under which existing and lesser-known standard process waiver authorities may be used; and
- allowing NERC staff to draft interpretations for ballot body approval.

Additionally, NERC staff recommended the development of a special rule for the Board to direct standards development to address an urgent reliability, resilience or security issue. NERC plans to convene a

stakeholder panel to provide feedback on these preliminary recommendations, which will inform the final recommendations presented to the board at the December 2022 meeting.

Regarding the Cold Weather Standards Project, Gugel shared that initial drafts of EOP-011 and EOP-012 are undergoing quality review and are expected to be posted on May 19 for a 30-day comment period. The standards address all four recommendations for Phase 1 of the project, and Gugel expects the standards to be completed by September 2022 and presented to the board for consideration in October 2022 as directed by NERC's board.

Tony Eddleman, Director of NERC Reliability Compliance at Nebraska Public Power District and Chair of the Supply Chain Working Group (SCWG), provided an update from the SCWG on the November 2021 supply chain risk management (SCRM) standards effectiveness survey, which found that entities are expanding their SCRM principles to include cyber assets outside of compliance requirements, but that there are still questions regarding audits and vendors. Respondents also reported that SCRM takes significant resources and impacts other areas, including CIP resources. Most felt that the solution to the supply chain issue would require engagement with other critical industries, not just the electricity industry.

Other Business and Adjourn

Action

Information

Report

Future meetings of the MRO Board of Directors are listed below.

2022 Board Meeting Dates

- Sept 22, 2022 Q3 MRO Board of Director Meetings
- December 1, 2022 Q4 MRO Board of Director Meetings

2023 Board Meeting Dates

- April 13, 2023 Q1 MRO Board of Director Meetings
- TBD Joint Board & FAC Business Plan & Budget Review Meeting
- June 15, 2023 Q2 MRO Board of Director Meetings
- Sept14, 2023 Q3 MRO Board of Director Meetings
- Nov 16, 2023 Q4 MRO Board of Director Meetings