



Reliability Technical Conference

Commissioner-Led Reliability Technical Conference

June 10, 2014

8:45 a.m. – 5:00 p.m.

8:45 a.m. Commissioners' Opening Remarks

9:00 a.m. Introductions
Acting Chairman Cheryl LaFleur, Conference Chair

9:15 a.m. Panel I: 2014 State of Reliability Report and Emerging Challenges

Presentations: Panelists will be asked to address the following issues:

- a. What priorities have been identified in the 2014 report and how are these different from the 2013 report? What does the 2014 State of Reliability Report show about the effectiveness of the ERO's reliability activities and related industry efforts? What progress has been made with respect to the recommendations in the 2013 report and what are the obstacles to continued progress? What are the successes/strengths? What areas need the most improvement? What resource needs and limitations are associated with these areas and what criteria can be used to address them?
- b. The 2014 State of Reliability report draws attention to two risk issues that contribute to system disturbances and automatic transmission outage severity: protection system misoperations and AC substation outage failures. What actions have been taken to address these issues and have these actions been effective in improving performance?

- c. What has NERC done, and what can it do, to foster a culture of reliability excellence in the industry? What are the best indicators of an effective culture of reliability excellence?

Panelists:

1. Gerry W. Cauley – President and Chief Executive Officer, North American Electric Reliability Corp. (NERC)
2. Tom Burgess – Vice President and Director of Reliability Assessment Performance Analysis, NERC
3. William O. Ball – Executive Vice President, Southern Company Services, Inc., on behalf of Edison Electric Institute
4. Asim Haque – Commissioner and Vice Chairman, Public Utilities Commission of Ohio, on behalf of the National Association of Regulatory Utility Commissioners
5. Peter Fraser – Vice President, Industry Operation & Performance, Ontario Energy Board

11:15 a.m. Break

11:30 A.M. Panel II: Emerging Issues

Presentations: Our Nation’s power supply portfolio and infrastructure are changing rapidly due to factors such as the affordability of domestic natural gas, Federal and state policies on renewable and demand response resources, and new environmental regulations such as the Mercury and Air Toxics Standard. How does the industry expect the overall resources mix to change in the next 5 to 10 years? What approaches are being developed to maintain reserve margins and address real-time operational challenges related to changes in resource mixes in the following areas:

- a. Gas Electric Interdependency: How has an increased dependency on natural gas impacted reliability in various regions, and what actions will be needed to maintain reliability?
- b. Variable Resources: How are entities addressing operational concerns related to variable resources as described in the 2013 Special Reliability Assessment “Maintaining Bulk Power System Reliability While Integrating Variable Energy Resources – CAISO Approach” a joint report published by NERC and the CAISO. What additional work is needed to integrate variable resources in ways that ensure adequate operating reserves, frequency response, and other operational issues?

Panelists:

1. Gerry Cauley – President and Chief Executive Officer, NERC
2. Tom Burgess – Vice President and Director of Reliability Assessment and Performance Analysis, NERC
3. Peter Brandien – Vice President, System Operations, ISO New England
4. Brad Bouillon – Director, Day-Ahead Market and Real-Time Operations Support, California Independent System Operator
5. Allen Mosher – Vice President, Policy Analysis and Reliability Standards, American Public Power Association
6. Bradley Albert – General Manager of Resource Management, Arizona Public Service
7. Robert Hayes – Vice President, Natural Gas Trading, Calpine

12:45 p.m. Lunch

1:30 p.m. Panel III: ERO Initiatives

Presentations: Panelists will be asked to address the following issues:

- a. Risk Registration initiative: What is the status of the Risk-Based Registration Initiative? How does this effort align with existing practices and other initiatives?
- b. Several Reliability Standards and ERO initiatives depend on prioritizing or differentiating facilities based on how critical they are to the reliable and secure operation of the Bulk Power System. How should this “tiering” of facilities be determined? Should a set of common, uniform criteria apply in all contexts or does the appropriate approach depend on the particular context?
- c. BES: What issues or trends has NERC observed regarding the implementation of the revised BES definition? To what extent is the exceptions process being utilized and how is it working?
- d. Reliability Assurance Initiative: What have NERC and the Regional Entities learned from the Reliability Assurance Initiative (RAI) pilot projects? What are the essential factors NERC and the Regions will use to evaluate internal controls and on what objective basis will NERC determine the quality of one

internal control program versus another? What potential impact could the ARI have on the need for and scope of audits?

- How does NERC plan to integrate the results of the pilots into a uniform national program? What obstacles will NERC face in ensuring consistent application of RAI across the eight regions?

Panelists:

1. Tom Burgess – Vice President and Director of Reliability Assessment and Performance Analysis, NERC
2. Jerry Hedrick – Director of Regional Entity Assurance and Oversight, NERC
3. Scott Henry – Chief Executive Officer and President, SERC Reliability Corporation
4. Steven T. Naumann – Vice President, Transmission and NERC Policy, Exelon
5. Barry T. Lawson – Associate Director, Power Delivery and Reliability, National Rural Electric Cooperative Association
6. Sylvain Clermont – Manager, Transmission Services, Hydro-Quebec TransEnergie, on behalf of the Canadian Electricity Association

2:45 p.m. Break

3:00 p.m. Panel IV: ERO Performance

Presentations: Panelists will be asked to address the following issues:

- a. Standards Development Process
 - What efficiencies have resulted from the revision of NERC's standards development process?
 - In what ways has the RISC improved the standards development process? On what bases have the current standards development projects been prioritized and have they deviated from last year?
- b. Compliance and Enforcement: What are the trends in the compliance and enforcement of Reliability Standards requirements? Which are the most violated Reliability Standards requirements and what steps are being taken to address this problem?

c. Security Issues

- What is the status of the effort to enhance physical security of the grid?
- What progress has been made regarding CIP version 5 implementation?
 - i. What issues have entities discovered during the initial effort to implement CIP version 5?
 - ii. How is NERC planning to address these issues and are there any issues that require Commission action?
 - iii. What are NERC and the Regional Entities doing to prepare for the enforcement of the CIP version 5 standards to ensure consistent enforcement across the regions?

Panelists:

1. Sonia Mendonca – Associate General Counsel and Director of Enforcement, NERC
2. Steve Noess – Associate Director of Standards Development, NERC
3. Tim Gallagher – Chief Executive Officer and President, Reliability First Corporation
4. Brian Murphy – Manager, NERC Reliability Standards, NextEra Energy
5. Jon Eric Thalman – Director, Regulatory Strategy and Transmission Asset Management, Pacific Gas & Electric Company
6. Carol Chinn – Regulatory Compliance Officer, Florida Municipal Power Agency, on behalf of Transmission Access Policy Study Group

4:30 p.m. Commissioner Closing Remarks