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BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION

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IN THE MATTER OF: :  
CONSENT MARKETS, TARIFFS AND RATES - ELECTRIC :  
CONSENT MARKETS, TARIFFS AND RATES - GAS :  
CONSENT ENERGY PROJECTS - MISCELLANEOUS :  
CONSENT ENERGY PROJECTS - CERTIFICATES :  
DISCUSSION ITEMS :  
STRUCK ITEMS :  
-----x

1030th COMMISSION MEETING

Commission Meeting Room  
Federal Energy Regulatory  
Commission  
888 First Street, N.E.  
Washington, D.C.

Thursday, September 22, 2016  
10:03 a.m.

1 APPEARANCES:

2 COMMISSIONERS PRESENT:

3 CHAIRMAN NORMAN BAY (Presiding)

4 COMMISSIONER CHERYL LAFLEUR

5 COMMISSIONER COLETTE HONORABLE

6 COMMISSIONER TONY CLARK

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1 P R O C E E D I N G S

2 (10:03 a.m.)

3 ANNOUNCER: Good morning, ladies and gentlemen.

4 Please direct your attention to the Secretary of the

5 Commission. Thank you.

6 SECRETARY BOSE: Thank you, Mark. The purpose of

7 the Federal Energy Regulatory Commission's open meeting is

8 for the Commission to consider the matters that have been

9 duly posted in accordance with the Government In The

10 Sunshine Act.

11 Members of the public are invited to observe,

12 which includes attending, listening, and taking notes, but

13 does not include participating in the meeting or addressing

14 the Commission. Actions that purposely interfere or attempt

15 to interfere with the commencement or conducting of the

16 meeting, or inhibit the audience's ability to observe or

17 listen to the meeting, including attempts by audience

18 members to address the Commission while the meeting is in

19 progress, are not permitted.

20 Any persons engaging in such behavior will be

21 asked to leave the building. Anyone who refuses to leave

22 voluntarily, will be escorted from the building.

23 Additionally, documents presented to the Chairman,

24 Commissioners, or staff during the meeting will not become

25 part of the official record of any Commission proceeding,

1 nor will they require further action by the Commission.

2           If you wish to comment on an ongoing proceeding  
3 before the Commission, please visit our website for more  
4 information.

5           Thank you for your cooperation.

6           CHAIRMAN BAY: Good morning, everybody. This is  
7 the time and place that has been noticed for the open  
8 meeting of the Federal Energy Regulatory Commission to  
9 consider the matters that have been duly posted in  
10 accordance with The Government In The Sunshine act.

11           Please join us in the pledge of allegiance.

12           (Pledge of allegiance recited.)

13           CHAIRMAN BAY: Since our July 21st meeting, the  
14 Commission has had a very busy month. We have issued 119  
15 Notational Orders since the July open meeting. I also hope  
16 that everyone has had a good summer vacation and I know that  
17 there was not an open in August, and I'm sure you missed  
18 that terribly.

19           I have several announcements to make. First,  
20 there has been a change in my staff. I wish to thank  
21 Caroline Wozniak for her outstanding service as one of my  
22 advisors. Caroline was one of my advisors from June 2015  
23 through August 2016. She has left my office to go to OEMR,  
24 where I'm sure she will continue to provide a great deal of  
25 lift and outstanding service to the Commission.

1                   To replace Caroline, I have brought in Erika  
2 Sigmund Howell from the Office of General Counsel. I have  
3 already enjoyed working with Erika, and I'm sure that you  
4 will, too.

5                   (A protester member of the audience speaks  
6 off-microphone.)

7                   CHAIRMAN BAY: The other announcement I would wish  
8 to make is to--

9                   (Another protestor members of the audience speaks  
10 off-microphone.)

11                  CHAIRMAN BAY: The other announcement I'd like to  
12 make is to tell you about our first pod cast. And that will  
13 be posted later today, and features an interview with  
14 Charlie Curtis, the first Chairman of the Commission, and I  
15 think it's just a really interesting history of FERC. So I  
16 hope you have a chance to listen to our pod cast.

17                  Colleagues? Cheryl?

18                  COMMISSIONER LaFLEUR: Thank you, Norman. I have  
19 a couple of things also. Congratulations to Caroline and  
20 welcome Erika. Happy to have you on the floor. Erika is  
21 not only a terrific attorney, she has the same last name as  
22 some of my favorite stars on Dancing With The Stars.

23                  (Laughter.)

24                  COMMISSIONER LaFLEUR: So I wanted to highlight a  
25 couple of things. First of all, highlight a couple of

1 things on the agenda that are not on the discussion agenda.  
2 I just wanted to highlight that today we have before us  
3 Draft Orders to approve to settlements that came out of the  
4 Commission's Section 5 complaints on gas rates that were  
5 voted out earlier this year, one with Tuscarora Gas  
6 Transmission and Columbia Gulf Transmission, and both of  
7 them were resolved through uncontested settlements and  
8 resulted in rate reductions for customers. So I wanted to  
9 highlight that accomplishment.

10           Also, I know we've all had our summer travel. In  
11 my never-ending struggle, still after six years, to  
12 understand different parts of the country, a couple of weeks  
13 Becky and I took a brief but deep dive into the Rocky  
14 Mountain West. And for the first time I visited the Western  
15 Area Power Administration, American control room, and  
16 learned about the tremendous assets renewable and otherwise  
17 that they are dispatching. I talked to Excel about how  
18 they're dispatching the wind. I visited a solar testing  
19 facility, and much more, as they say, and even more. So I  
20 just want to thank the folks out there and recognize how  
21 much is going on both in power supply development and in  
22 market discussions in that region of the country.

23           Thank you.

24           CHAIRMAN BAY: Thank you, Cheryl. Tony?

25           COMMISSIONER CLARK: Just good morning, and

1 welcome. I'll have more comments later in the proceeding  
2 this morning, but I just want to welcome everyone here  
3 today.

4 CHAIRMAN BAY: Thank you, Tony. Colette?

5 COMMISSIONER HONORABLE: Thank you, Mr. Chairman.  
6 Good morning, everyone. I'd like to thank Caroline,  
7 wherever you are, for your work. We've enjoyed working with  
8 Caroline, especially during my tenure here, and to welcome  
9 Erika who has really aided me and my team tremendously over  
10 the almost two years I've been here in her role as OGC. Let  
11 us know what we can do to be helpful to you on 11.

12 And I would also like to thank OEA. I think  
13 we've seen them work really hard to try to educate the  
14 public more about what we do and why. And from whence our  
15 authority is derived, and how the public can be involved in  
16 our proceedings here.

17 So I look forward to the pod cast as well. We  
18 don't know where we are and where we're headed if we don't  
19 first understand our history.

20 I had the pleasure this week of attending and  
21 speaking at the Women's Energy Summit in Chicago, and it was  
22 an invigorating time for women and men to come and to  
23 coalesce around energy issues and what's happening today,  
24 particularly what's happening tomorrow, and to really  
25 encourage women to pursue careers and senior level positions

1 in energy.

2 So thank you for the opportunity, Mr. Chairman.

3 CHAIRMAN BAY: Thank you, Colette. Madam

4 Secretary, I believe we're ready to proceed to the Consent

5 Agenda.

6 SECRETARY BOSE: Good morning, Mr. Chairman. Good

7 morning, Commissioners.

8 Since the issuance of the Sunshine Act Notice on

9 September 15th, 2016, no items have been struck from this

10 morning's agenda. Your Consent Agenda is as follows:

11 Electric Items: E-1, E-3, E-5, E-6, E-7, E-8,

12 E-9, E-10, E-11, E-12, E-13, E-14, E-15, E-16, and E-17.

13 Gas Items: G-2, G-3, G-4, and G-5.

14 Hydro Items: H-1, H-2, and H-3.

15 Certificate Items: C-1 and C-2.

16 Chairman Bay is not participating in Consent Item

17 E-16. As required by law, Commissioner Honorable is not

18 participating in Consent Items E-3, E-12, and E-13.

19 We are now ready to take a vote on this morning's

20 Consent Agenda. The vote begins with Commissioner

21 Honorable.

22 COMMISSIONER HONORABLE: Thank you, Madam

23 Secretary. Noting my recusals in Items E-3, E-12, and E-13,

24 I vote aye.

25 SECRETARY BOSE: Commissioner Clark.

1 COMMISSIONER CLARK: I vote aye.

2 SECRETARY BOSE: Commissioner LaFleur.

3 COMMISSIONER LaFLEUR: I vote aye.

4 SECRETARY BOSE: And Chairman Bay.

5 CHAIRMAN BAY: Noting my nonparticipation on E-16,  
6 I vote aye.

7 SECRETARY BOSE: We are now ready to move to the  
8 discussion and presentation portion of the meeting. The  
9 first presentation and discussion item for this morning is  
10 E-2, a Draft Order, Draft Notice of Inquiry, excuse me,  
11 concerning potential modifications to the analysis when  
12 evaluating market power and market-based rate authority.

13 There will be a presentation by Eric Olesh from  
14 the Office of Energy Market Regulation. He is accompanied  
15 by Amery Pore from the Office of Energy Market Regulation,  
16 Melissa Nimit from the Office of the General Counsel, and  
17 Linda Hearne from the Office of Energy Policy and  
18 Innovation.

19 MR. OLESH: Good morning, Mr. Chairman, and  
20 Commissioners:

21 As part of ensuring that the Commission meets its  
22 statutory obligations, the Commission on occasion engages in  
23 public inquiry to gauge whether there's a need to add,  
24 modify, or eliminate certain requirements.

25 The Draft Notice of Inquiry in E-2 seeks comments

1 regarding potential changes and improvements that the  
2 Commission may propose in evaluating market power in the  
3 context of mergers and other transactions under Section 203  
4 of the Federal Power Act, and applications under Section 205  
5 of the Federal Power Act for Market-Based Rate Authority for  
6 wholesale sales of electric energy, capacity, and ancillary  
7 services by public utilities.

8           In particular, the Draft Notice of Inquiry seeks  
9 comment on whether the Commission should require additional  
10 forms of analysis in Section 203 applications, including a  
11 supply curve analysis, a pivotal supplier analysis, and a  
12 market share screen.

13           It also seeks comments on whether and, if so, how  
14 to more precisely define de minimis in the context of  
15 reviewing a Section 203 application, and whether to adopt a  
16 de minimis threshold for Section 203 applications when  
17 considering whether applications involving overlapping  
18 generation in the same market may not require a competitive  
19 analysis screen.

20           It also seeks input on requiring Section 203  
21 applications that involve a full competitive analysis screen  
22 to include consultant reports and other internal reports  
23 pertaining to the competitive effects of the proposed  
24 transaction as required by the Department of Justice or the  
25 Federal Trade Commission.

1           The Draft Notice of Inquiry also seeks comments  
2 on the appropriateness of the current Commission blanket  
3 authorizations, including whether there are existing blanket  
4 authorizations that may be overly broad or otherwise no  
5 longer appropriate, or whether there are classes of  
6 transactions for which further blanket authorizations would  
7 be appropriate.

8           Finally, the Draft Notice of Inquiry seeks  
9 comments on whether there are certain categories of  
10 transactions that may be jurisdictional but where it  
11 nevertheless may be appropriate to establish abbreviated  
12 filing requirements.

13           The Draft Notice of Inquiry also seeks to  
14 harmonize aspects of the Section 205 and 203 program, and  
15 specifically with regard to Section 205 seeks comment on  
16 whether the wholesale load component of the pivotal supplier  
17 analysis is calculated appropriately.

18           Comments on the Draft Notice of Inquiry are due  
19 60 days from publication in the Federal Register.

20           This concludes staff's presentation, and we would  
21 be happy to answer any questions you may have.

22           CHAIRMAN BAY: Thank you, Eric, Amery, Melissa,  
23 and Linda for the presentation and for your work on this  
24 Notice of Inquiry.

25           I am very pleased with the issuance of this NOI

1 which provides both staff and the Commission the opportunity  
2 to explore potential ways to advance the Commission's  
3 current approach to identifying and assessing market power.

4 I believe the NOI includes many thoughtful  
5 questions, and I look forward to considering what I hope  
6 will be a wide range of views. So please give us your  
7 comments to this NOI.

8 In particular, one area that interests me is on  
9 whether or how the Commission could harmonize its analysis  
10 of transactions under Section 203 and applications for  
11 market-based rate authority under Section 205, as well as  
12 ways the Commission could streamline and improve its review.

13 I have one question for the team, and that is  
14 whether the team could highlight areas where the Commission  
15 seeks input on potential improvements that are intended to  
16 reflect or to respond to changes in industry and significant  
17 market developments.

18 MR. OLESH: I think this NOI gives--asks for  
19 certain input on tools, including a supply curve analysis,  
20 and market share analysis that may help staff and the  
21 Commission to review market power, given that markets have  
22 changed since the Merger Policy Statement was issued in  
23 1996. So there's an evolution in the markets, and perhaps  
24 some new information may be needed.

25 CHAIRMAN BAY: Alright. Thank you, Eric. Cheryl?

1           COMMISSIONER LaFLEUR: Thank you very much. I  
2 would also like to thank the team for your work on this. I  
3 know that the analysis of market power under both merger  
4 applications and market-based rates can be complex, and I  
5 appreciate the work you've done to think of potential ways  
6 to improve our analysis.

7           I too hope we get a wide range of comments,  
8 including from parties and experts who have actually  
9 participated in past merger and NBR dockets and can share  
10 that experience.

11           I want to highlight one area of the proposed--of  
12 the Notice of Inquiry in which I am particularly interested  
13 in comments. And that is, the proposal of potentially  
14 requiring the submission of certain merger-related documents  
15 that are currently submitted to the Department of Justice  
16 and the Federal Trade Commission.

17           It is always important to me that when we ask for  
18 more information we have a clear sense of why we're asking  
19 for it, how we're going to use it, and obviously we have to  
20 carefully weigh the benefits of the information for our  
21 analysis with any concerns, including confidentiality  
22 concerns, with taking the information.

23           So I hope we get a robust set of comments on  
24 that, and I look forward to reviewing them. Thank you.

25           CHAIRMAN BAY: Thank you, Cheryl. Tony?

1           COMMISSIONER CLARK: Thanks. I don't have any  
2 questions for the team, but thanks for all of your work on  
3 this. Market-based and market power issues are things that  
4 the Commission has been I think working on in sort of bits  
5 and pieces a little bit under the surface, and we've been  
6 talking about it on the 11th floor, and there have been  
7 certain Orders that have gone out here and there that get to  
8 some of these issues, but one of the reasons that I  
9 particularly support this NOI is it gives an opportunity in  
10 a very open and transparent manner for the Commission to tee  
11 up some ideas that can help provide us feedback with both  
12 the 203 and really sort of a cousin to the 203 analysis, the  
13 205 analyses that the Commission does.

14           So this will give the Commission, when it gets  
15 back the comments, the opportunity to in a more holistic  
16 manner think about some of these things that we've been  
17 talking about and speaking about in various orders here and  
18 there, maybe a little bit between the lines in the past but  
19 now very much at the forefront.

20           So thanks for your work.

21           CHAIRMAN BAY: Thank you, Tony. Colette?

22           COMMISSIONER HONORABLE: Thank you, Mr. Chairman.  
23 Thank you, Eric, for your presentation, and thank you, team.  
24 I want to single out Amery. The elevator stopped and I  
25 didn't see anyone, and I said--and he's smiling now--whoever

1 is getting on, come on. It was about a minute before ten.

2 (Laughter.)

3 COMMISSIONER HONORABLE: So I want to greet you  
4 with a smile. And I really do want to thank you. I know  
5 you've been working on this effort for some time, and  
6 certainly Sections 203 and 205 of the Federal Power Act  
7 provide broad direction and standards for our decision  
8 making process, but I believe it's always healthy for us to  
9 take time to pause and reassess where we are and where we  
10 should be headed. And so I believe we should be asking  
11 ourselves: Are we looking at the right things? What, in  
12 terms of our methodology has outlived its usefulness? Are  
13 we being consistent? And are there tools out there--Eric,  
14 you tee'd that up well--that we should be focused on now?

15 And I agree with my colleagues that among our  
16 broad stakeholder base we have a number of individuals who  
17 are very experienced with not only the development of the  
18 Federal Power Act and its evolution over the years, but  
19 maybe have the ability and expertise to opine about the  
20 direction in which we should be headed.

21 I too agree that we need to continue to be  
22 protective of the public. We also need to strive to  
23 continue and improve our transparency, and also making sure  
24 that our Orders are not unduly burdensome on those who will  
25 need to implement them.

1           And I too believe that our success will depend in  
2 no small part on the comments we receive. So I look forward  
3 to seeing a robust filing. Thank you, all.

4           CHAIRMAN BAY: Thank you, Colette. Madam  
5 Secretary?

6           SECRETARY BOSE: We are now ready to take a vote  
7 on this item, E-2. The vote begins with Commissioner  
8 Honorable.

9           COMMISSIONER HONORABLE: I vote aye.

10          SECRETARY BOSE: Commissioner Clark.

11          COMMISSIONER CLARK: Aye.

12          SECRETARY BOSE: Commissioner LaFleur.

13          COMMISSIONER LaFLEUR: Aye.

14          SECRETARY BOSE: And Chairman Bay.

15          CHAIRMAN BAY: Aye.

16          SECRETARY BOSE: The next item for presentation  
17 and discussion this morning is Item E-4, a Draft Final Rule  
18 concerning the reliability standard for transmission system  
19 plan performance for geomagnetic disturbance events. The  
20 presentation will be by Matthew Vlissides from the Office of  
21 the General Counsel. He is accompanied by Kal Ayoub AND  
22 Justin Kelly from the Office of Electric Reliability.

23          MR. VLISSIDES: Good morning, Chairman Bay and  
24 Commissioners. Today we will provide a summary of Item E-4.  
25 Agenda Item E-4 is a Draft Final Rule that addresses

1 proposed Reliability Standard TPL7-1, Transmission System  
2 Plan Performance During Geomagnetic Disturbances, also  
3 referred to as the Second-Stage GMD Reliability Standard.

4           The North American Electric Reliability  
5 Corporation, or NERC, developed and submitted the proposed  
6 Reliability Standard in response to Order No. 779. The  
7 Draft Final Rule approves the Second-Stage GMD Reliability  
8 Standard, including the associated violation risk factors,  
9 violation severity levels implementation plan, and effective  
10 dates.

11           While approving the Second-Stage GMD Reliability  
12 Standard, the Draft Final Rule, pursuant to the Commission's  
13 authority under Section 215(d)(5) of the Federal Power Act,  
14 also directs NERC to develop three modifications to the  
15 Second-Stage GMD Reliability Standard.

16           First, the Draft Final Rule directs NERC to  
17 modify the benchmark GMD event definition set forth in  
18 Attachment One of the Reliability Standard so that the  
19 referenced peak geoelectric field amplitude component of the  
20 definition is not based solely on spatially averaged data.

21           Second, the Draft Final Rule directs NERC to  
22 develop revisions to the Reliability Standard to require  
23 applicable entities to collect and make available necessary  
24 data from geomagnetically induced current monitors and  
25 magnetometers to ensure a more complete set of data for

1 planning and operational needs.

2           Third, the Draft Final Rule directs NERC to  
3 develop revisions to the Reliability Standard to establish  
4 specific deadlines for the development of corrective action  
5 plans and the completion of activities called for in  
6 corrective action plans. The Draft Final Rule requires NERC  
7 to comply with these directives within 18 months of the  
8 effective date of this Final Rule.

9           In addition to the three directives to modify the  
10 Second-Stage GMD Reliability Standard, the Draft Final Rule  
11 directs NERC to study and submit informational filings  
12 addressing GMD research areas, including spatial averaging,  
13 earth conductivity models, and thermal impact assessments.

14           In the first informational filing which is due  
15 six months following the effective date of this Final Rule,  
16 NERC would submit a work plan that includes a schedule for  
17 conducting the directed research, and for submitting one or  
18 more informational filings that apprise the Commission of  
19 the results of the additional research areas, as well as any  
20 other relevant developments in GMD research.

21           This concludes our presentation. We are happy to  
22 take any questions you might have..

23           CHAIRMAN BAY: Thank you, Matthew, Kal, and  
24 Justin. I appreciate the team's hard work on this  
25 rulemaking.

1           GMD represents a classic black swan event, a  
2 low-frequency, high-impact event. We know that GMD poses a  
3 risk to the grid, but we also know that the science of GMD  
4 continues to evolve as scientists deepen their understanding  
5 of how GMD would impact the grid and how its effects can be  
6 mitigated.

7           Today's rulemaking represents the second phase of  
8 our GMD rulemaking. The first phase required owners and  
9 operators of the bulk power system to develop and implement  
10 operational procedures to mitigate the effects of GMD.

11           Today's rule, a second phase, establishes  
12 requirements for applicable entities to assess the  
13 vulnerability of their transmission systems against a  
14 benchmark GMD event, and to develop corrective action plans  
15 as needed to meet their performance requirements.

16           An important part of today's rulemaking requires  
17 the collection and sharing of data from geometrically  
18 induced current monitors and magnetometers. NERC is also  
19 directed to continue GMD research into such areas as spatial  
20 averaging, earth conductivity models, and thermal impact  
21 assessments.

22           As the science develops, the Commission should  
23 reexamine the standard to ensure that we are striking the  
24 right balance.

25           I am pleased to support today's rulemaking, and

1 in particular I wish to thank Cheryl for her leadership on  
2 this issue, and I also appreciate the work of NERC in  
3 providing us with the draft standard.

4 Cheryl?

5 COMMISSIONER LaFLEUR: Thank you very much, Mr.  
6 Chairman. I would also like to thank Matt, Kal, Justin, and  
7 the entire team from the Office of Electric Reliability, the  
8 Office of Energy Infrastructure Security, and the Office of  
9 General Counsel who have worked on this for about six years,  
10 back to the McClellan administration who first roped me into  
11 this in September 2010.

12 I am very excited that we are voting out the  
13 Final Rule, because I do think it is a milestone in the work  
14 of the industry, NERC, and the Commission on this topic.

15 I am posting a statement on my website, and  
16 Steven and I debated whether "milestone" was the right word,  
17 but it is a little bit like, as they say, not the beginning  
18 of the end, but is the end of the beginning. Because we  
19 still have a lot of work to do, and today's Order really  
20 sets out a plan for that work.

21 This topic, first of all I think that this is  
22 exactly the kind of high-impact, low-frequency, broad-based  
23 threat to the grid that only the government in a regulatory  
24 role with NERC participating can really handle. It's  
25 exactly what in my mind the Regulatory Reliability Standards

1 were set up, the kind of thing they were set up to address.

2           And the challenge we had was balancing the need  
3 for action on something that could pose a very big threat,  
4 but with a recognition that the science was very much still  
5 evolving, as well as the engineering impact, the engineering  
6 understanding of how solar storms actually impact the grid.  
7 And I hope we struck a very good balance in the final rule.

8           I just want to highlight a few elements.

9           The first, as the Chairman mentioned, is that  
10 this second-stage GMD Rule requires transmission owners and  
11 operators to conduct assessments of their systems for the  
12 potential impact of geomagnetic disturbances, and then put  
13 in place steps to mitigate against them both non-hardware  
14 and hardware-mitigation, to provide a long-term foundation.

15           It sets up a recurring five-year framework to  
16 update those mitigation steps, and I think that framework is  
17 readily adaptable to the improvements that I hope we get in  
18 our understanding of this issue.

19           We have talked a lot about self-updating  
20 reliability standards, and this is a place that I think  
21 really is geared to that type of structure.

22           Secondly, the rule directs NERC to develop a GMD  
23 research plan addressing several critical research topics,  
24 including spatial averaging, earth conductivity models, and  
25 thermal impact assessments.

1 Under Section 215, of course, we have the  
2 authority to require reliability assessments, and I think  
3 this is a very apt place for that, and we require a plan for  
4 that research in the next six months.

5 Finally, the rule requires new data collection  
6 and sharing to support ongoing research in this area. One  
7 of the things we found frustrating in our tech conferences  
8 in developing the Final Rule was that so much of the  
9 magnetometer and monitoring data was from Canada or Europe,  
10 when in fact we have one of the most highly developed  
11 electric grids in the world and had very little public data  
12 on which to base our analysis.

13 The Rule directs NERC to collect monitoring data,  
14 and directs responsible regulated entities to put in place  
15 monitoring data on their system, as well as magnetometer  
16 data, which serve different purposes in understanding this  
17 problem.

18 We did explain in the Rule our conclusion that as  
19 a general matter this data should be publicly available and  
20 not treated as confidential information. But of course  
21 subject to the exception that people can apply if they see  
22 an exception.

23 Something Jerry Cauley emphasizes all the time is  
24 that NERC is a learning organization, and that there's a  
25 reliability cycle based on learning and refinement of how we

1 protect the grid. And I think today's Order very much  
2 recognizes that cycle, and I think is very much a long-term  
3 effort, and I look forward to working with everyone involved  
4 on the next steps.

5 Thank you..

6 CHAIRMAN BAY: Thank you, Cheryl. Tony?

7 COMMISSIONER CLARK: Thank you, Mr. Chairman.

8 First let me offer my thanks to the team, as well  
9 as to Cheryl who has provided leadership on this particular  
10 issue over a number of years. Thanks to NERC, and thanks to  
11 a broad coalition of stakeholders from across the public  
12 policy spectrum, and also on Capitol Hill, a number of  
13 Members who brought this particular issue to the forefront  
14 because it's an important one.

15 There has been an arc to the issues that the  
16 Commission has dealt with under the umbrella of Reliability.  
17 The first two things that the Commission took up were those  
18 concrete things that really contributed to some of the broad  
19 scale blackouts that we had had in recent history. And it  
20 was things like tree trimming, and training, and grid  
21 visibility, and all those kind of nuts and bolts of  
22 operating a reliable system.

23 Over some time that focus turned to cyber  
24 security and some of the CYP issues that we continue to deal  
25 with. Over a little more time, as we realized other

1 vulnerabilities to the grid, we took up physical security.  
2 And this now is the next evolution in the reliability chain  
3 of events that we're talking a look at.

4           These naturally occurring magnetic field  
5 disturbances, as others have indicated, may be--it may be a  
6 low probability that they're going to happen on any  
7 particular day, but they're sort of like an earthquake. On  
8 any given day, it's probably a low probability that you're  
9 going to have a major earthquake, but there's a high  
10 probability that somewhere over the course of time there  
11 will be one of these type of events. So they are truly  
12 infrequent, but they have the potential for being a major  
13 impact.

14           So the Commission of course takes it seriously.  
15 The steps that I see us taking today are prudent, but  
16 they're not passive. They will require a good deal of  
17 effort on behalf of the industry, but I think it's a prudent  
18 effort. The timelines are meaningful, but they're doable.  
19 And where there are judgment calls and there may need to be  
20 more information put in the record in terms of scientific  
21 information, data, and analytics, the Commission is  
22 requiring that those blanks be filled in over the course of  
23 time that scientific study can be done.

24           So good work to the team, and now the ball is  
25 back in industry's court to respond to some of the

1 regulatory directives that are contained herein..

2 CHAIRMAN BAY: Thank you, Tony. Colette?

3 COMMISSIONER HONORABLE: Thank you, Mr. Chairman,  
4 and thank you, team. And not only those sitting here at the  
5 table, but those in the room, and watching, for your work  
6 over a number of years. We are very grateful.

7 You took what I thought to be a somewhat  
8 challenging effort and really made something beautiful of  
9 it, in my opinion, because we have a pathway forward. And I  
10 would also like to acknowledge Commissioner LaFleur. Thank  
11 you for your leadership. I remember, even being a state  
12 commissioner and Cheryl coming over to interact with us on  
13 this issue.

14 And to NERC, last but certainly not least,  
15 because we've been engaging with you on this topic for some  
16 time, and we will, as the Final Rule indicates, we have  
17 developed a work plan that will aid us along with very, very  
18 important stakeholders in addressing and developing a plan  
19 to improve our Reliability Standards on this issue.

20 I believe certainly that this Final Rule is an  
21 important step in addressing the risks posed by GMD events  
22 to the bulk power system, and I believe it is something that  
23 requires our continued focus. And I believe also that this  
24 Rule recognizes the potential impacts of GMDs on reliability  
25 are indeed evolving and they will evolve over time, and that

1 continued GMD research is necessary. I think I heard Cheryl  
2 say that, as well. I think between the three of my  
3 colleagues there isn't much more that I can add.

4 I would say to the many stakeholders who were  
5 very participatory and passionate, too, in this docket,  
6 thank you. Because you educated me and my team and our  
7 staff here, and I think we're better for it. And I just  
8 urge you to stay engaged because you are making this effort  
9 better.

10 I too was challenged with the lack of robust  
11 data, but I think as we continue to study and focus on this  
12 effort, our information will evolve and improve and that  
13 will improve our work.

14 Interestingly, I attended my daughter's open  
15 house at her school last night and went to her earth science  
16 class, and the teacher spoke of, guess what, one of the  
17 chapters is on GMD and EMT.

18 (Laughter.)

19 COMMISSIONER HONORABLE: So after it, I was so  
20 excited, like an energy geek, and went up to tell the  
21 teacher that we are working on this, much to my daughter's  
22 chagrin.

23 (Laughter.)

24 COMMISSIONER HONORABLE: The teacher would like  
25 for me to come back, and my daughter said she'll find a way

1 to be absent that day.

2 (Laughter.)

3 COMMISSIONER HONORABLE: But I want to thank you  
4 all, again, for your hard work. I agree, the work is just  
5 beginning, but I feel very good about this new beginning for  
6 us. Thank you..

7 CHAIRMAN BAY: Thank you, Colette. Madam  
8 Secretary?

9 SECRETARY BOSE: We will now take a vote on this  
10 Item E-4. The vote begins with Commissioner Honorable.

11 COMMISSIONER HONORABLE: I vote aye.

12 SECRETARY BOSE: Commissioner Clark.

13 COMMISSIONER CLARK: Aye.

14 SECRETARY BOSE: Commissioner LaFleur.

15 COMMISSIONER LaFLEUR: I vote aye.

16 SECRETARY BOSE: And Chairman Bay.

17 CHAIRMAN BAY: I vote aye.

18 Well last but not least, this meeting would not  
19 be complete without recognizing our dear colleague, Tony  
20 Clark. As you know, today is his last open meeting. I  
21 know, I know, I feel the same way. Tony has been a  
22 Commissioner here at FERC Since June of 2012, and before  
23 coming to FERC he was a commissioner on the North Dakota  
24 Commission for 12 years where he was also the chairman, and  
25 he was the president of NARUC.

1                   Tony has been a great colleague, and I know that  
2 all of us are going to miss working with him.

3                   Now some of you probably know this as well, but  
4 Tony is a huge baseball fan. I think you've been to, what,  
5 every ballpark in the country? A Cubs fan, too, right.

6                   (Laughter.)

7                   CHAIRMAN BAY: And for baseball fans out there,  
8 you know you've made it as a baseball player when they start  
9 giving away bobbleheads of you.

10                  (Laughter.)

11                  CHAIRMAN BAY: And so it only seems appropriate  
12 that--and by the way, any NDSU callers? It only seems  
13 appropriate that an all-star like Tony Clark should have his  
14 own bobblehead. So--

15                  (Laughter.)

16                  CHAIRMAN BAY: I think we wanted to make sure it  
17 didn't break, but, so--

18                  (Laughter and applause.)

19                  CHAIRMAN BAY: Now this is a true collector's  
20 item, right. It's just an amazing resemblance. Look at  
21 that, okay?

22                  COMMISSIONER CLARK: It looks like something out  
23 of the Twilight Zone with a little beard here.

24                  (Laughter.)

25                  CHAIRMAN BAY: So watch this. Tony, do you like

1 the University of Michigan go Blue?

2 (Laughter.)

3 CHAIRMAN BAY: What about Michigan State?

4 (Laughter.)

5 CHAIRMAN BAY: Okay, and then a last question,  
6 should Jo Jo have picked Jordan Rogers?

7 (Laughter.)

8 CHAIRMAN BAY: It's really just kind of uncanny.  
9 It's just like the real Tony Clark. And so, Tony, an  
10 all-star like you deserves to have a bobblehead, and we'll  
11 keep going to continue with the baseball analogy. The next  
12 batter up is Cheryl.

13 COMMISSION LaFLEUR: Well my goodness, Tony, I'm  
14 also really sad to see you go. I remember very well when  
15 you first came to the Commission. You were young,  
16 clean-shaven--

17 (Laughter.)

18 COMMISSIONER LaFLEUR: Boyish looking. Even more  
19 boyish looking than you still are. You've been an Eagle  
20 Scout recently. You've been a state legislator since you  
21 were 15.

22 (Laughter.)

23 COMMISSIONER LaFLEUR: I think on some level I had  
24 the illusion that as a far, far older and wiser energy  
25 person, I could this young dude under my wing and help shape

1 your thinking. I was very excited that you were coming.

2 But those illusions were very quickly shattered.

3 (Laughter.)

4 COMMISSION LaFLEUR: From the very first day you  
5 walked in, you were always on top of the issues, crystal  
6 clear in your thinking, pragmatic and very, very decisive.  
7 You were the opposite of a bobblehead.

8 (Laughter.)

9 COMMISSIONER LaFLEUR: And you have also been,  
10 because you're so articulate on your feet, a terrific  
11 representative of the Commission before many audiences, as  
12 well as a phenomenal representative of North Dakota, North  
13 Dakota State, bisons, hockey, and all your other passions.  
14 So I know you have a very bright future, and I look forward  
15 to being able to say, well I knew him when he was just a  
16 FERC Commissioner.

17 (Laughter.)

18 COMMISSIONER LaFLEUR: So I certainly wish you and  
19 Amy and your family lots of happiness. So what I did is I  
20 reached out to the World Wildlife Fund and adopted an actual  
21 bison in your name.

22 (Laughter.)

23 COMMISSIONER LaFLEUR: So you are now the proud  
24 father of this bison roaming the plain, Tony Clark--

25 (Laughter.)

1                   COMMISSIONER LaFLEUR: --and it has an adoption  
2 certificate, and of course a little memento. I couldn't  
3 bring the actual bison into the room.

4                   (Applause.)

5                   COMMISSIONER LaFLEUR: The rest of the  
6 paraphernalia is in the box, if you want.

7                   It would have been so much better if we could  
8 bring actual Tony Clark Bison in, but--

9                   (Laughter.)

10                  CHAIRMAN BAY: Thank you, Cheryl. Our next batter  
11 up is Colette.

12                  COMMISSIONER HONORABLE: Thank you, Mr. Chairman.  
13 And I don't really know where to begin. I've known Tony  
14 ever since I became a Commissioner in October of '07, and we  
15 worked together as state commissioners. He first as NARUC  
16 president, and I believe I was your treasurer. And I kept  
17 you in the green, and in the black, and it was just  
18 wonderful to work with Tony and to get to know him.

19                  Through him, I first traveled to his great State  
20 of North Dakota, and to the City of Fargo, and stayed at the  
21 Hoda. You've got to look it up. It was phenomenal, though.  
22 And I really was blessed to get to know Amy, his wife, and  
23 their boys. And in our region in NARUC and MARC, Tony was  
24 president I believe of MARC and then I guess I kind of  
25 followed in his footsteps. I too served as MARC president

1 and ultimately as NARUC president. But the MARC region is  
2 very family friendly. So you really--I also think that that  
3 region has such a robust substantive agenda that it's great  
4 to attend and be challenged, but also to come and get  
5 acquainted with our colleagues' families, and to get to know  
6 them better.

7 This is hard work, and we're on the road a lot,  
8 and so it really has been a joy to get to know tony  
9 personally. We kid a lot. On the elevator down, when I got  
10 on I said, you're wearing your bipartisan tie! He said, no  
11 it's not my bipartisan tie.

12 (Laughter.)

13 COMMISSIONER HONORABLE: But I think most of all,  
14 for my part I've enjoyed working with him very much, even  
15 though we come from different places. But in many ways we  
16 have been quite a lot alike, I would say, in terms of our  
17 public service and commitment to serving, and ensuring that  
18 we carry out this work as best as we can. And tony, over  
19 the years, has been the greatest example of that.

20 I've enjoyed interacting with his team, as well.  
21 I'll certainly miss them. So I guess in saying that, I felt  
22 that we were stronger together, and we will miss you when  
23 you go.

24 (Laughter.)

25 COMMISSIONER HONORABLE: And I would like for you

1 to open this gift now. I talked about the fact that we  
2 agree on many things, and I also joked that one thing we  
3 will never agree upon, and that's our favorite President.  
4 So in the spirit of that and the fact that we have been  
5 stronger together, I want to offer you this gift, Tony.

6 COMMISSIONER CLARK: Can I open it now?

7 COMMISSIONER HONORABLE: Yes, you can. He's  
8 afraid to open it. He knows me.

9 (Laughter.)

10 COMMISSIONER HONORABLE: Recycled tissue paper.

11 CHAIRMAN BAY: It's a Clinton team mug.

12 (Laughter.)

13 COMMISSIONER HONORABLE: I'm going to miss you,  
14 Tony.

15 (Laughter.)

16 COMMISSIONER HONORABLE: I want you to show mine,  
17 too.

18 CHAIRMAN BAY: Thank you, Colette. Tony, I think  
19 it's your time for rebuttal.

20 (Laughter.)

21 COMMISSIONER CLARK: Thank you. Well this is my,  
22 I counted them up, 47th and final Commission meeting. And  
23 it's gone by very, very fast. I have to--there is a reason  
24 I'm wearing my Cubs tie. So Cheryl gets to, every time some  
25 Boston team wins some sort of world championship, which is

1 frequent, she's had the opportunity to wear some sort of fan  
2 paraphernalia. When the November meeting rolls around, I'm  
3 not going to be here to be able to celebrate the Cubs World  
4 Series championship, so I have to do it early.

5           Some things don't change over the course of  
6 four-plus years. For example, the NDSU Bison when I came in  
7 the door were NCAA champions, and they're still NCAA  
8 football champions today.

9           Some things do change. For example I find myself  
10 now the most recent convert to becoming a Philadelphia  
11 Eagles fan. Go Eagles. I wear my Carson Wentz jersey  
12 around the neighborhood. I get a lot street cred from  
13 apparently a lot of Philadelphia residents who have a very  
14 passionate fan base, I'm finding. People yell at me, "Go  
15 Eagles!" like across the street. And it's like this club I  
16 never knew existed that I'm now a part of.

17           So first a little bit of housekeeping before I  
18 say my thank you's. So I'm setting September 30th as my  
19 official separation date from the Commission. I had  
20 announced earlier that this would be my final open  
21 Commission meeting.

22           As I was looking about for what the right date to  
23 actually leave the Commission, it dawned on me that  
24 September 30th is the end of a week, end of the pay period,  
25 end of a quarter, end of the federal fiscal year, and I

1 thought this may be God's way of telling me that that's  
2 probably the right date to move along. So September 30th  
3 will be my last date.

4 For Commissioner observers, you'll probably  
5 notice over the course of the next week or so there will be  
6 a number of Notational Orders that I will not be voting on.  
7 I'll start voting not participating in those simply because  
8 probably the bulk of my time is going to be spent not  
9 reading Orders but closing up the office and getting  
10 everything boxed up and all that sort of stuff.

11 But to the degree that I'm needed for any quorum  
12 issues or anything like that, I will be available until  
13 then.

14 Now on to thank you's. First of all, first and  
15 foremost of course is a big thank you to my family. Amy and  
16 the boys moved across the country to be with me here on this  
17 little adventure over the last few years, and they have  
18 supported me every step of the way.

19 As all of us who serve in these type of positions  
20 know, you have to have a support system at home, and they  
21 have been mine. And so I thank my family and love them  
22 very, very much.

23 Number two, to my colleagues Norman Bay, Cheryl  
24 LaFleur, Colette Honorable, thank you for your kind words  
25 and for your kind gifts. I also want to say thank you to my

1 former FERC colleagues who I served with over the course of  
2 my tenure, Phil Moeller, John Norris from Iowa, and, man,  
3 after this last week when NDSU beat Iowa, do I wish that guy  
4 was here at this meeting.

5 (Laughter.)

6 COMMISSIONER CLARK: But alas, I think John is  
7 back in Iowa. And Jon Wellinohoff. I think that hopefully  
8 at FERC people see an agency and a town that is sometimes  
9 dysfunctional but an agency that I think is very functional,  
10 one that operates well, works well together--although we  
11 don't agree on every item and that's to be expected, and  
12 where we do disagree we can do it without being  
13 disagreeable.

14 And so I thank all of my colleagues for their  
15 collegiality and support over the years.

16 `To FERC staff, while Commissioners come and go,  
17 staff remains. They are the dedicated professional staff  
18 who maintains the institutional knowledge and the expertise  
19 that enables this agency to meet its legal and statutory  
20 responsibilities in a very, very important area of the law,  
21 and a very complicated area of the law. But it's one that's  
22 important to the health and wellbeing and economy of this  
23 country.

24 So thank you to all of the staff members here.  
25 You are a credit to regulatory agencies across the country

1 and around the world.

2 A special thanks to our FERC security team who  
3 has been active recently, but to our FERC security team  
4 thank you for your professionalism, and to of course law  
5 enforcement who have worked in our behalf as well. Thank  
6 you.

7 And then a thanks to my personal staff  
8 specifically over the years. So at the risk of leaving  
9 someone out, although I don't think I did, I'm going to  
10 thank individually the advisers and administrative staff who  
11 have worked for me in the last four-plus years.

12 My advisory staff, Robin Mithoff, Nick Tackett,  
13 Chris Kempley, Robin Lunt, Rebecca Blistein, John Miller,  
14 Jason Feuerstein, Mindy Sauter, Chris Fitzpatrick, and  
15 Nicholas Gladd.

16 These people shoulder tremendous workload  
17 throughout the course of the tenure that they worked for all  
18 of us, and a big responsibility in terms of the functioning  
19 of this agency and reviewing the Orders as they come  
20 through. So thank you for all of your dedication, both  
21 those who have served on my permanent advisory staff, and  
22 also those of you who worked on detail in my office.;

23 To my administrative staff over the years,  
24 Tiffany Gray, Meghan Estenson, and Jesse Fonkert. All of the  
25 personal support for me and the mission of this agency is

1 very noteworthy and I thank you all for your efforts.

2 I want to thank the President for nominating me,  
3 a little over four years ago. I'd like to thank Senator  
4 McConnell for forwarding my name to the White House to be  
5 considered about five years ago. And a special thank you to  
6 my own home State Congressional Delegation of North Dakota  
7 who have been very supportive of me on a bipartisan basis  
8 throughout the years. And a special thanks to Senator John  
9 Hovan who was my sponsor in the Senate as I was working my  
10 way through.

11 Just as a final commentary, I think I first came  
12 to Washington probably when I was 16 or 17. I think it was  
13 the first time I had ever been on an airplane at all, and I  
14 hadn't made it back until I was probably in my mid-20s. But  
15 I can tell you that every day working here has been a  
16 tremendous honor. It is still a thrill for me when I am  
17 coming in to work to see that first glimpse of the  
18 Washington Monument, the Lincoln Memorial, or when I'm  
19 driving home to see the sunset reflecting over the Nation's  
20 Capitol, or off the dome of the Jefferson Memorial.

21 It is really, as I said, it is a thrill to me.  
22 It has never lost its sort of novelty in terms of  
23 understanding and feeling that you are really able to  
24 contribute to the life of our Nation in a job like this.

25 So thank all of you for the opportunity to do

1 that, and the opportunity to be of service.

2 (Applause.)

3 CHAIRMAN BAY: Tony, thank you for everything that  
4 you've done. You've been an outstanding public servant.  
5 You've been a public servant your entire life, in North  
6 Dakota, now at FERC. I know that every place you've gone to  
7 you have made better with our thoughtfulness, your  
8 encyclopedic knowledge of policy, your reasonableness, and  
9 your collegiality. You truly have been a great colleague  
10 and a joy to work with.

11 We're going to miss you, but we also know that  
12 you're headed off to great things. And we have one last  
13 gift for you, and this one doesn't involve either a buffalo,  
14 a bobblehead, or a Clinton team mug. Rather, it's the FERC  
15 flag and the flag of the United States. So thank you, very  
16 much.

17 So please join me in thanking Commissioner Clark.

18 (Extended applause.)

19 CHAIRMAN BAY: And with that, this meeting is  
20 adjourned.

21 (Whereupon, at 10:52 a.m., Thursday, September  
22 22, 2016, the Commissioner meeting was adjourned.)

23

24

25