

# Standards Announcement

## NERC Cost Effective Analysis Process (CEAP) For NERC ERO Standards

Formal Comment Period Open May 7, 2012 – July 6, 2012

### [Now Available](#)

In response to concerns expressed by stakeholders and regulators in both the US and Canada, NERC has developed a draft Cost Effective Analysis Process “CEAP.” The NERC CEAP proposes to introduce the concepts of cost consideration and effectiveness into the development of new and revised standards and to afford the industry with opportunities to offer alternative methods to achieve the reliability objective of draft standards which may result in less implementation costs and resource expenditures. The draft NERC CEAP was developed from the Northeast Power Coordinating Council “NPCC” regional CEAP. NPCC developed the first regional CEAP in response to concerns raised by its regional Board of Directors regarding the need for standards development to consider potential cost impacts.

### **Instructions for Submitting Comments**

Please use this [electronic form](#) to submit comments. If you experience any difficulties in using the electronic form, please contact Monica Benson at [monica.benson@nerc.net](mailto:monica.benson@nerc.net). An off-line, unofficial copy of the comment form is posted on the [project page](#).

The comment period is open through **8 p.m. Friday, July 6, 2012.**

### **Next Steps**

The Standards Committee Process Subcommittee CEAP Subgroup will review comments submitted during the comment period and will incorporate pertinent comments into the document. Next steps are to achieve Standards Committee and NERC staff approval of the CEAP, conduct industry outreach activities to trade groups and others, pilot a project(s) through the process, report on the results and revise the process as necessary.

### **Background**

The Federal Energy Regulatory Commission, NERC and stakeholders have expressed keen interest in a process to determine effectiveness and implementation costs of proposed standards. During a 2010 FERC technical conference the Commission recognized that “reliability does not come without cost,” and significant interest was expressed in development of a process to identify costs for draft reliability standards and the ability of the proposed standards to achieve their reliability objective(s) in a cost effective manner. In addition, the NERC Board of Trustees (BOT), in its consideration of standards, has

expressed concern regarding what a standard's implementation may cost the industry and the relevant incremental reliability improvement (benefits) that implementation of that standard may yield. This NERC CEAP represents an initial step towards addressing concerns regarding cost impacts (implementation, maintenance, and ongoing compliance resource requirements) associated with achieving reliability objectives identified in standards. As envisioned, the process would allow the industry the opportunity to identify alternative requirements to meet a standard's reliability objective that may be less costly and equally as effective and efficient. This information, if provided during the drafting process, would help all in making informed choices. The approach described poses questions and provides aggregated results in the form of a report to the industry for informational purposes during balloting.

For more information or assistance, please contact Monica Benson at [monica.benson@nerc.net](mailto:monica.benson@nerc.net).

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