

Consideration of Comments on Proposed Changes to Standard Processes Manual October 2010

We thank all stakeholders who submitted comments on the proposed changes to the Standard Processes Manual. The manual was posted for a 21-day public comment period from October 18, 2010 through November 7, 2010. Stakeholders were asked to provide feedback on the standards through a special electronic comment form. There were 14 sets of comments, including comments from more than 41 different people from approximately 33 companies representing 9 of the 10 Industry Segments as shown in the table on the following pages.

Comments can be reviewed in their original format on the following project page:

http://www.nerc.com/filez/standards/Standards_Processes_Manual.html

Most stakeholders agreed with the proposed modifications to the manual and some stakeholders provided suggestions for additional improvements. We will consider the suggestions for additional modifications the next time the manual is revised. No changes were made to the manual following the initial ballot.

If you feel that your comment has been overlooked, please let us know immediately. Our goal is to give every comment serious consideration in this process! If you feel there has been an error or omission, you can contact the Vice President and Director of Standards, Herb Schrayshuen, at 609-452-8060 or at herb.schrayshuen@nerc.net. In addition, there is a NERC Reliability Standards Appeals Process.¹

¹ The appeals process is in the Reliability Standards Development Procedures:
<http://www.nerc.com/standards/newstandardsprocess.html>.

Index to Questions, Comments, and Responses

1. Do you agree that the proposed modifications to the Standard Processes Manual (pages 6-7) adequately address the directive? If no, please suggest alternative language that you believe would better meet the intent of the directive. 6

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The Industry Segments are:

- 1 — Transmission Owners
- 2 — RTOs, ISOs
- 3 — Load-serving Entities
- 4 — Transmission-dependent Utilities
- 5 — Electric Generators
- 6 — Electricity Brokers, Aggregators, and Marketers
- 7 — Large Electricity End Users
- 8 — Small Electricity End Users
- 9 — Federal, State, Provincial Regulatory or other Government Entities
- 10 — Regional Reliability Organizations, Regional Entities

Group/Individual		Commenter	Organization	Registered Ballot Body Segment									
				1	2	3	4	5	6	7	8	9	10
1.	Group	Guy Zito	Northeast Power Coordinating Council										X
Additional Member	Additional Organization	Region	Segment Selection										
1.	Alan Adamson	New York State Reliability Council, LLC	NPCC	10									
2.	Gregory Campoli	New York Independent System Operator	NPCC	2									
3.	Kurtis Chong	Independent Electricity System Operator	NPCC	2									
4.	Sylvain Clermont	Hydro-Quebec TransEnergie	NPCC	1									
5.	Chris de Graffenried	Consolidated Edison Co. of New York, Inc.	NPCC	1									
6.	Gerry Dunbar	Northeast Power Coordinating Council	NPCC	10									
7.	Dean Ellis	Dynegy Generation	NPCC	5									
8.	Brian Evans-Mongeon	Utility Services	NPCC	8									
9.	Mike Garton	Dominion Resources Services, Inc.	NPCC	5									
10.	Brian L. Gooder	Ontario Power Generation Incorporated	NPCC	5									
11.	Kathleen Goodman	ISO - New England	NPCC	2									
12.	Chantel Haswell	FPL Group, Inc.	NPCC	5									
13.	David Kiguel	Hydro One Networks Inc.	NPCC	1									

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Group/Individual		Commenter	Organization		Registered Ballot Body Segment									
					1	2	3	4	5	6	7	8	9	10
14.		Michael R. Lombardi	Northeast Utilities	NPCC	1									
15.		Randy MacDonald	New Brunswick System Operator	NPCC	2									
16.		Bruce Metruck	New York Power Authority	NPCC	6									
17.		Lee Pedowicz	Northeast Power Coordinating Council	NPCC	10									
18.		Robert Pellegrini	The United Illuminating Company	NPCC	1									
19.		Si Truc Phan	Hydro-Quebec TransEnergie	NPCC	1									
20.		Saurabh Saksena	National Grid	NPCC	1									
21.		Michael Schiavone	National Grid	NPCC	1									
22.		Peter Yost	Consolidated Edison Co. of New York Inc.	NPCC	3									
2.	Group	Sam Ciccone	FirstEnergy		X		X	X	X	X				
Additional Member Additional Organization Region Segment Selection														
1.		Doug Hohlbaugh	FE	RFC										
3.	Group	Mike Garton	Electric Market Policy		X		X		X	X				
Additional Member Additional Organization Region Segment Selection														
1.		Michael Gildea	Dominion Resources Services, Inc.	RFC	5									
2.		Louis Slade	Dominion Resources Services, Inc.	SERC	5, 6									
3.		John Loftis	Dominion Virginia Power	SERC	1, 3									
4.	Group	Michael Gammon	Kansas City Power & Light		X		X		X	X				
Additional Member Additional Organization Region Segment Selection														
1.		Jennifer Flandermeyer	KCPL	SPP	1, 3, 5, 6									
5.	Individual	Jana Van Ness, Director Regulatory Compliance	Arizona Public Service Company		X		X		X	X				
6.	Individual	John Kutzer	Consultant									X		

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Group/Individual		Commenter	Organization	Registered Ballot Body Segment									
				1	2	3	4	5	6	7	8	9	10
7.	Individual	Charles Jen	CenterPoint Energy	X									
8.	Individual	Gregory Miller	BGE	X									
9.	Individual	Alice Ireland	Xcel Energy	X		X		X	X				
10.	Individual	Kasia Mihalchuk	Manitoba Hydro	X		X		X	X				
11.	Individual	Andrew Z. Puztai	American Transmission Company	X									
12.	Individual	Dan Rochester	Independent Electricity System Operator		X								
13.	Individual	RoLynda Shumpert	South Carolina Electric and Gas	X		X		X	X				
14.	Individual	Al DiCaprio	PJM										

1. Do you agree that the proposed modifications to the Standard Processes Manual (pages 6-7) adequately address the directive? If no, please suggest alternative language that you believe would better meet the intent of the directive.

Summary Consideration: Most stakeholders who participated in this comment period supported the modification to the manual. Some stakeholders provided alternative language, and we will consider the alternate language for the next version of the manual.

Organization	Yes or No	Question 2 Comment
Northeast Power Coordinating Council	No	The proposed modifications to the Standards Process Manual adequately address the September 3, 2010 Directive, following are suggestions for improving the text of the document. The revised heading "Requirements and Elements Necessary to Demonstrate Compliance and Monitor and Assess Compliance with Requirements" should be reworded to "Requirements and Elements Necessary to Monitor, Assess and Demonstrate Compliance with Requirements". The paragraph under the subtitle Elements of a Reliability Standard should be revised to read: The components of a reliability standard include mandatory requirements and elements necessary to demonstrate as well as monitor and assess compliance with requirements. A separate informational section of a standard could also be provided for reference purposes.
Response: We will consider the alternative language proposed with the next version of the manual.		
Consultant	No	"mandatory requirements, elements necessary to demonstrate compliance and monitor and assess compliance with requirements, and informational sections of the standard." "mandatory requirements" is redundant terminology. Suggest deleting 'mandatory'. "elements necessary to demonstrate compliance and monitor and assess compliance with requirements" I think this means: elements necessary to: demonstrate compliance, monitor compliance, and assess compliance... Suggest rewording to make the meaning clearer.
Response: We will consider the alternative language proposed with the next version of the manual.		
CenterPoint Energy	No	CenterPoint Energy does not agree that the proposed modifications to the Standard Processes Manual adequately address the Sept. 3, 2010 FERC directive and believes the proposed changes do not sufficiently alleviate the Commission's stated concern regarding the potential for "confusion and uncertainty" over what is mandatory and enforceable. Specifically, by keeping Requirement in the same category as numerous other elements, Revision 1 of the SPM still does not distinguish the Requirement as the sole enforceable element, nor does it unequivocally illustrate that "the essential element of a Reliability Standard is its Requirement".

Organization	Yes or No	Question 2 Comment
		<p>Thus, CenterPoint Energy proposes the following alternative alignment. [1] Mandatory and Enforceable Section of a Standard: Requirement [2] Compliance Monitoring and Assessment Sections of a Standard: (Elements placed here as the Drafting Team sees fit) [3] Informational Sections of a Standard: (Elements placed here as the Drafting Team sees fit)</p>
<p>Response: We did not interpret the Order as mandating that the manual specifically distinguish the Requirement as the sole enforceable element. The Order included the following sentence: “Further, while the distinction between those elements of a Reliability Standard that are enforceable and those elements that are not is important, it is not clear that it is necessary to draw this distinction in the Standard Processes Manual.” The proposed modification to the manual avoids making the distinction between what is/is not enforceable in the Standard Processes Manual.</p>		
Xcel Energy	No	<p>We feel the proposed changes make this section very confusing and don't really respond to FERC's issue. Instead of the proposed changes, we recommend the following to address FERC's concerns and retain clarity:</p> <ol style="list-style-type: none"> 1) Recommend rewording the 2nd sentence under “Elements of a Reliability Standard” to read: The components of a reliability standard include mandatory requirements, sections necessary to demonstrate, monitor and assess compliance with requirements, informational sections of the standard, and enforcement assessment sections of the standard. 2) Keep the header “Mandatory and Enforceable Section of a Standard”, and list only Requirements under this header. 3) Change the newly proposed header to: “Sections Necessary to Demonstrate, Monitor and Assess Compliance with Requirements”. 4) Retain the original section “Informational Sections of a Standard”. List the following under this header: Application Guidelines, Procedures, Compliance Enforcement Authority, and Compliance Monitoring and Assessment Processes. 5) Create a new section called “Enforcement Assessment Sections of a Standard”. List the following under this header: Violation Risk Factors and Violation Severity Levels, Violation Risk Factors and Violation Severity Levels. Additionally, we feel the use of the word “element(s)” should be avoided in this section, since several standards have attachments that include elements. (Such as EOP-001) As recommended above, we suggest instead using the word “section(s)”.
<p>Response: We did not interpret the Order as mandating that the manual specifically distinguish the Requirement as the sole enforceable element. The Order included the following sentence: “Further, while the distinction between those elements of a Reliability Standard that are enforceable and those elements that are not is important, it is not clear that it is necessary to draw this distinction in the Standard Processes Manual.” The proposed modification to the manual avoids making the distinction between what is/is not enforceable in the Standard Processes Manual. We will consider the additional modifications proposed for this section of the manual the next time the manual is revised.</p>		

Organization	Yes or No	Question 2 Comment
PJM	No	<p>The use of the term “elements” in the SPM in the context of this particular revision may be problematic, since the term “element” is a defined term in the NERC Glossary of Terms Used in the Reliability Standards. We suggest, instead, the following language:</p> <p>“A reliability standard includes several components designed to work collectively to identify what entities must do to meet their reliability-related obligations as an owner, operator or user of the bulk power system. The components of a reliability standard include mandatory requirements, statements of compliance-related process to determine compliance with requirements, such as measures, VRFs, and VSLs, and informational sections of the standard.</p> <p>Mandatory and Enforceable Sections of a Standard: Requirements and Information Necessary to Demonstrate Compliance and Monitor and Assess Compliance with Requirements”</p> <p>It is the phrase “Necessary to Demonstrate” that has the potential of raising compliance with measures to the same level as compliance with requirements.</p> <p>The other suggested revisions and re-ordering of sequence are acceptable as proposed.</p>
<p>Response: There is such a huge difference between the defined term, “Element” and the use of the undefined term, “element” that we don’t believe entities trying to understand this section of the manual will be confused. The term “Element” is defined as follows: Any electrical device with terminals that may be connected to other electrical devices such as a generator, transformer, circuit breaker, bus section, or transmission line. An element may be comprised of one or more components.</p> <p>We will consider the additional modifications proposed for this section of the manual the next time the manual is revised.</p>		
FirstEnergy	Yes	<p>FE has reviewed FERC Docket No. RR10-12-000 and the resultant proposed changes to the NERC Standard Processes Manual. We note that in the Order, in par. 9, FERC states "that 'while Measures and Levels of Non-Compliance provide useful guidance to the industry, compliance will in all cases be measured by determining whether a party met or failed to meet the Requirement given the specific facts and circumstances of its use, ownership or operation of the Bulk-Power System.' However, as discussed above, the Standard Processes Manual identifies elements beyond the Requirement that are proposed to be enforceable such as the title, number, purpose, effective dates and measures." The proposed revisions attempt to address FERC's concerns, but we believe the changes still imply that Measures and other elements are mandatory with the heading titled "Requirements and Elements Necessary to Demonstrate Compliance and Monitor and Assess Compliance with Requirements". Furthermore, it implies the Measures are mandatory per the following</p>

Organization	Yes or No	Question 2 Comment
		<p>phrase in the definition of a Measure: "evidence needed to demonstrate".Therefore, we suggest the following changes that we believe will aid NERC in meeting FERC's directive:1. In the opening paragraph on pg. 6 of the SPM under the heading of "Elements of a Reliability Standard", we suggest the phrase "The components of a reliability standard include mandatory requirements and elements necessary to demonstrate compliance and monitor and assess compliance with requirements and informational sections of the standard." be changed to "The components of a reliability standard include requirements (which are mandatory), other important elements used as guidance for compliance, and informational sections of the standard."2. In the definition of Measure on pg. 6 of the SPM, we suggest the phrase "evidence needed to demonstrate" be changed to "evidence that can be used to demonstrate".Also, regarding FERC's order, par. 9 referenced above, although we agree that several elements of a standard are important for guidance, we question FERC's inclusion of "effective dates" as guidance. This is because compliance with the Requirements by the effective dates is mandatory.</p>
<p>Response: We will consider the additional modifications proposed for this section of the manual the next time the manual is revised.</p>		
Independent Electricity System Operator	Yes	<p>While we agree that the proposed modifications to the Standards Process Manual adequately address the September 3, 2010 Directive, we do have some suggestions for improving the text of the document.We consider the heading "Requirements and Elements Necessary to Demonstrate Compliance and Monitor and Assess Compliance with Requirements" to be rather cumbersome. We therefore recommend modifying the heading to read "Requirements and Elements Necessary to Monitor, Assess and Demonstrate Compliance with Requirements". In addition we would suggest amending the preceding paragraph (that commences "A reliability standard includes several components...") as follows:The components of a reliability standard include mandatory requirements, and elements necessary to demonstrate as well as monitor and assess compliance with requirements. A separate informational section of a standard could also be provided for reference purposes.</p>
<p>Response: We will consider the additional modifications proposed for this section of the manual the next time the manual is revised.</p>		
Electric Market Policy	Yes	
Kansas City Power & Light	Yes	
Arizona Public Service Company	Yes	
BGE	Yes	

Organization	Yes or No	Question 2 Comment
Manitoba Hydro	Yes	
American Transmission Company	Yes	
South Carolina Electric and Gas	Yes	