

Consideration of Comments on Modifications to the Reliability Standards Development Procedure to Support BOT Actions

The Standards Committee thanks all commenters who submitted comments on the modifications to the Reliability Standards Development Procedure to support BOT actions. The document was posted for a 45-day public comment period from March 12, 2009 through April 27, 2009. The stakeholders were asked to provide feedback on the standards through a special Electronic Comment Form. There were 18 sets of comments, including comments from more than 65 different people from approximately 40 companies representing 7 of the 10 Industry Segments as shown in the table on the following pages.

<http://www.nerc.com/filez/sc.html>

There were stakeholder comments suggesting alternatives to those in the board's directives and the Standards Committee did not consider those alternatives. The board solicited stakeholder comments and gave due consideration to those comments before it determined the best course of action. The board directed the Standards Committee to "implement" its proposed processes, not to seek additional alternatives. There were some stakeholder comments indicating that the Standards Committee's proposed language didn't accurately reflect the board's directives, and the Standards Committee did make modifications based on these comments.

VRFs and VSLs: There were comments suggesting that the proposed language which indicated that VRFs and VSLs would be posted "at least once" may not provide stakeholders with sufficient opportunity to provide feedback to drafting teams and staff. The Standards Committee modified this language as follows:

- ~~At least one posting must include proposed violation risk factors, and violation severity levels.~~ The posting of draft VRFs and VSLs for stakeholder comment can be deferred until a second or later posting of the draft standard as determined by the standard drafting team; however, it is recommended that the VRFs and VSLs be posted for comment with the entire draft Reliability Standard as early in the standard development process as possible.

There was a suggestion that the following sentence that appeared on page 10 of the revised process be added to the language in Step 9 of the balloting process to confirm that VRFs and VSLs may be modified after the non-binding poll, based on stakeholder comments and the Standards Committee adopted this modification:

If stakeholder comments submitted with the non-binding poll indicate specific improvements that would improve consensus, then the SDT, working with NERC staff, will revise the VRFs and VSLs to reflect stakeholder comments.

There was also a suggestion that more definition should be added to describe what will be presented to the board when the board is asked to approve a set of VRFs or VSLs. To address this concern, the Standards Committee modified the language as shown below:

Separately, the board shall consider approval of the violation risk factors and violation severity levels associated with a reliability standard. In making its determination, the board shall consider the following: ~~results of the non-binding poll as well as the recommendation of NERC staff.~~

The Standards Committee shall present the results of the non-binding poll conducted and a summary of industry comments received on the final posting of the proposed VRFs and VSLs.

NERC staff shall present a set of recommended VRFs and VSLs that considers the views of the standard drafting team, stakeholder comments received on the draft VRFs and VSLs during the posting for comment process, the non-binding poll results, appropriate governmental agency rules and directives, and VRF and VSL assignments for other Reliability Standards to ensure consistency and relevance across the entire spectrum of Reliability Standards.

Special Procedures: There was a comment suggesting that the opening paragraph of the “Special Procedure” section of the manual seemed to expand on the board’s process by omitting the phrase “national emergency” and it was not the intent of the Standards Committee to expand on the scope of scenarios applicable for use with Special Procedures. The opening paragraph of the “Special Procedures” section of the manual was modified to replace the phrase, “critical issue” with “national security emergency situation” to clarify the intent as shown below:

If the board directs the development of a reliability standard in response to a **critical issue national security emergency situation** that is so confidential that information can only be shared on a “need to know” basis, NERC will use all the steps in the standards development procedure, but will limit the participation and the amount of information released within some of the steps of the procedure.

There was also a comment indicating that the board’s meeting minutes included a step to indicate that a standard developed to address a confidential issue would be presented to the board during a closed session. This was added to the manual as follows:

If a standard is approved by its ballot pool, the team will present the proposed standard to the NERC board for approval in a special closed session, either in person or by conference call. (The closed session will allow the team to present not only the standard, but also the confidential information supporting its need.)

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, Gerry Adamski, at 609-452-8060 or at gerry.adamski@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. The Standards Committee revised the Reliability Standards Development Procedure manual to reflect the board’s October 2008 action to support dissolving the Joint Interface Committee. Do you agree that the modifications made to the manual on page 16 and pages 19–20 accurately support this board action? If you disagree or if you believe additional changes should have been made, please explain in the comment area. 8

1. The Standards Committee revised the Reliability Standards Development Procedure manual to reflect the board’s October 2009 directive to modify the manual to address standards developed in response to national security emergency situations. Do you agree that the modifications made to the manual on pages 31–33 accurately support this board action? If you disagree with the accuracy of the proposed changes or if you believe additional changes should have been made, please explain in the comment area.10

2. The Standards Committee revised the Reliability Standards Development Procedure manual to reflect the board’s February 2009 directive to modify the process used to develop and approve violation risk factors and violation severity levels. Do you agree that the modifications made to the manual on pages 9–12, 16, and 22–30 accurately support this board action? If you disagree with the accuracy of the proposed changes or if you believe additional changes should have been made, please explain in the comment area.20

3. If you have any other comments on the Standards Committee’s posted revisions to the Reliability Standards Development Procedure that you have not already provided in response to the prior questions, please provide them here. Note that if you propose suggestions for additional edits to address other concerns beyond those associated with the modifications to address these three board actions, your comments will be considered by the Standards Committee’s Process Subcommittee for use in developing the next set of revisions to the manual.30

Consideration of Comments on Reliability Standards Development Procedure

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

		Commenter	Organization	Industry Segment											
				1	2	3	4	5	6	7	8	9	10		
1.	Group	Jalal Babik	Dominion Resources Inc.			X		X	X						
		Additional Member	Additional Organization	Region	Segment Selection										
		1. Louis Slade		SERC	5										
		2. Mike Garton		NPCC	6										
2.	Group	Peter A. Heidrich	FRCC Standards Department											X	
		Additional Member	Additional Organization	Region	Segment Selection										
		1. Linda Campbell	Florida Reliability Coordinating Council	FRCC	10										
3.	Group	William J. Gallagher	Transmission Access Policy Study Group (TAPS)	X		X	X	X	X						
		Additional Member	Additional Organization	Region	Segment Selection										
		1. Raymond Phillips	Alabama Municipal Electric Authority	SERC	4										
		2. Frank Gaffney	Florida Municipal Power Agency	FRCC	3, 4										
		3. Gayle Mayo	Indiana Municipal Power Agency	RFC	4										
		4. Bob Thomas	Illinois Municipal Electric Agency	RFC	4										

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	5. Eric Ruskamp	Lincoln Electric Systems	MRO	1, 3, 5, 6																																																																																								
	6. Roy Thilly	WPPI Energy	MRO	4, 5																																																																																								
4.	Group	Guy Zito	Northeast Power Coordinating Council																	X																																																																								
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5.	Group	Denise Koehn	Bonneville Power Administration	X		X		X	X																																																																																			
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9.	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										
	2. Todd Fridley	KCPL	SPP	1, 3, 5, 6										
10.	Individual	Michael Puscas	United Illuminating	X		X								
11.	Individual	Terry Harbour	MidAmerican Energy	X		X		X	X					
12.	Individual	Russell A. Noble	Cowlitz County PUD			X								
13.	Individual	Laura Lee	Duke Energy	X		X		X	X					
14.	Individual	Mark Thompson	Alberta Electric System Operator		X									
15.	Individual	Michelle Rheault	Manitoba Hydro	X		X		X	X					
16.	Individual	Dan Rochester	Independent Electricity System Operator		X									
17.	Individual	Sandra Shaffer	PacifiCorp	X		X		X	X					
18.	Individual	Clay Smith	Georgia System Operations Corporation			X	X							

1. The Standards Committee revised the Reliability Standards Development Procedure manual to reflect the board’s October 2008 action to support dissolving the Joint Interface Committee. Do you agree that the modifications made to the manual on page 16 and pages 19–20 accurately support this board action? If you disagree or if you believe additional changes should have been made, please explain in the comment area.

Summary Consideration: Most commenters agreed that the modifications made to reflect the board’s October 2008 action in dissolving the Joint Interface Committee accurately support the board action.

Organization	Yes or No	Question 1 Comment
Georgia System Operations Corporation	No	See comments in Question 4
Response: Please see the response to Question 4.		
Kansas City Power & Light	Yes	Considering the removal of the JIC, recommend some language be included somewhere that establishes that wherever any conflicts between the business practices and the reliability standards occur, the reliability standards supersede any business practice.
Response: This would be a compliance and enforcement issue, not an issue under the authority of the Standards Committee.		
Dominion Resources Inc.	Yes	
FRCC Standards Department	Yes	
Northeast Power Coordinating Council	Yes	
Bonneville Power Administration	Yes	
IRC Standards Review	Yes	

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Organization	Yes or No	Question 1 Comment
Committee		
American Transmission Company and We Energies	Yes	
MRO NERC Standards Review Subcommittee	Yes	
United Illuminating	Yes	
MidAmerican Energy	Yes	
Cowlitz County PUD	Yes	
Duke Energy	Yes	
Alberta Electric System Operator	Yes	
Manitoba Hydro	Yes	
Independent Electricity System Operator	Yes	
PacifiCorp	Yes	

2. The Standards Committee revised the Reliability Standards Development Procedure manual to reflect the board’s October 2009 directive to modify the manual to address standards developed in response to national security emergency situations. Do you agree that the modifications made to the manual on pages 31–33 accurately support this board action? If you disagree with the accuracy of the proposed changes or if you believe additional changes should have been made, please explain in the comment area.

Summary Consideration: Several commenters disagreed with the proposed modifications, but for most of these commenters, the disagreement was with the board’s proposed process, not with the Standards Committee’s representation of the board’s process.

There was a comment suggesting that the opening paragraph of the “Special Procedure” section of the manual seemed to expand on the board’s process by omitting the phrase “national emergency” and that was not the intent of the Standards Committee. The opening paragraph was modified to replace the phrase, “critical issue” with “national security emergency situation” to clarify the intent as shown below:

- If the board directs the development of a reliability standard in response to a ~~critical issue~~ national security emergency situation that is so confidential that information can only be shared on a “need to know” basis, NERC will use all the steps in the standards development procedure, but will limit the participation and the amount of information released within some of the steps of the procedure.

There was also a comment indicating that the board’s meeting minutes included a step to indicate that a standard developed to address a confidential issue would be presented to the board during a closed session. This was added to the manual as follows:

- If a standard is approved by its ballot pool, the team will present the proposed standard to the NERC board for approval in a special closed session, either in person or by conference call. (The closed session will allow the team to present not only the standard, but also the confidential information supporting its need.)

Organization	Yes or No	Question 2 Comment
Manitoba Hydro		Manitoba Hydro does not agree with the statement Depending upon the level of urgency the Standards Committees Officers may authorize reducing or eliminating the 30-day pre-ballot posting, and may reduce the duration of both the initial ballot and the recirculation ballot to as few as 5 days. Such a short period of time is not sufficient to review a new or revised reliability standard and coordinate a corporate wide response. There is also a lack of clear criteria to identify "urgent" issues that would justify a shortened review period. Additionally, Manitoba Hydro has concerns with the statement NERC staff will assemble a

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 2 Comment
		<p>slate of pre-defined subject matter experts as a proposed drafting team. What is the criteria for selecting these pre-defined subject matter experts and will entities have the opportunity to nominate individuals for this pre-definition process? There is a concern that the drafting team may not represent the balance of opinions in industry; thus favoring, by design, the position of NERC/FERC.</p>
<p>Response: The existing approved manual allows the Board of Trustees the authority to make modifications to the duration of the pre-ballot window and to the duration of the ballot windows. The modification proposed would move this authority from the Board of Trustees to the Standards Committee and this modification was based on practicality and past experience, since it is easier to assemble a meeting of the SC than it is to assemble a meeting of the Board of Trustees.</p> <p>The NERC Board has the responsibility for determining that an issue is “urgent” – and this is stated in the proposed modification:</p> <p style="padding-left: 40px;">“If the board directs the immediate development of a new or revised reliability standard to address a confidential national security emergency situation . . .”</p> <p>The pre-defined group of subject matter experts is expected to come from NERC’s “Hydra” group which is still being formed and is made up of volunteers who have agreed to provide support in developing alerts and standards in response to emergencies that threaten national security. We are working with NERC staff to determine if the members of Hydra provide a mix of subject matter experts that have diversity with respect to technical expertise and representation.</p>		
<p>Transmission Access Policy Study Group (TAPS)</p>	<p>No</p>	<p>The proposed changes unnecessarily and inappropriately limit commenting on a ?confidential standard? to entities that will be subject to the standard. The ability to comment on such a standard should be limited only based on whether an entity’s representative has signed or is willing to sign the relevant confidentiality agreement. Entities that will not be subject to a proposed standard could legitimately be interested and should be allowed to comment. For example, entities that could be registered in the future for the relevant function (based on projected load growth or other factors); entities whose member cities will be subject to a proposed standard; and entities who are registered or subject to registration for the relevant function but are not currently subject to the relevant standard because another entity is complying on their behalf pursuant to a Joint Registration Agreement would all have an interest in a proposed confidential standard. Therefore, if an entity’s representative agrees to the confidentiality restrictions required by NERC, the entity should be allowed to comment on the proposed standard, regardless of whether the entity will be subject to the standard.</p>
<p>Response: The Standards Committee was directed to limit commenting on a confidential standard to just those entities that will be subjected to the standard. Here is the item from the Board’s meeting minutes:</p> <p>Step 4 of the process included in the BOT’s October Meeting Minutes Exhibit F:</p>		

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 2 Comment
<p>4. The team will distribute the draft standard for comment, under strict confidentiality rules (NDA or nuclear safeguards like), only to those entities that will be expected to comply and who have identified individuals from their organizations that adhere to the confidentiality requirements. These individuals will not be required to have security clearances to review and comment on the proposed standard, but must have signed confidentiality agreements with NERC.</p>		
<p>American Transmission Company and We Energies</p>	<p>No</p>	<p>a) ATC supports the BOT goal of addressing national security threats in a confidential manner but has concerns about two of the processes proposed in the RSDP. Overall Concern:ATC believes that the proposed procedure for standards development using a confidential process is overly broad and may be contrary of NERC's Rules of Procedure (RoP) and Section 215 of the Federal Power Act. Section 304 of NERC's Rules of Procedure calls for several principals when developing standards: "? the RSDP shall be consistent with the following essential principles: "1. Openness - Participation shall be open to all persons who are directly and materially affected by the reliability of the North American bulk power system. These shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in NERC or any other organization, and shall not be unreasonably restricted on the basis of technical qualification or other such requirements. 2. Transparency - The process shall be transparent to the public 3. Consensus-building - See Section 304 of the Rules of procedure 4. Fair Balance of Interests - The process shall fairly balance interests of all stakeholders and shall not be dominated by any single interested category 5. Due Process - Development of standards shall provide reasonable notice and opportunity for any person with a direct and material interest to express views on a proposed standard and the basis for those views, and to have the position considered in the development of the standards. 6. Timeliness - See Section 304 of the RoP. These six principles were specifically identified in Section 215 of the Federal Powers Act (FPA) and defined in Order 672.</p> <p>b) Overall Process Concern:ATC believes that the following statement and proposed steps may not be in alignment with four of the six principles identified above. (Openness, Transparency, Fair Balance of Interests and Due Process) NERC needs to provide additional detail within the RSDP on how the proposed procedure satisfies these four principles. Proposed Process "Standards to Support Issues that are Confidential" (Page 31 redline) (Statement) "will limit the participation and the amount of information released within some of the steps of the procedure." (Page 31 redline) 2. Step 2 - "nomination process shall be limited to just those candidates who have already identified as having appropriate security clearance." (Page 31 redline) 3. Step 3 - "perform all its work under strict security and confidentiality rules." (Page 31 redline) 4. Step 5 - "will be distributed for comments, under strict confidentiality rules, only to those entities that will be expected to comply and who have identified individuals from their organizations that have signed confidentiality agreements with NERC." (Page 31 redline) Proposed Process "Emergency Action Process for Standards Responsive to Imminent Issue</p>

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Organization	Yes or No	Question 2 Comment
		<p>that are Confidential" (Page 32 Redline)Step 1 - "nomination process shall be limited to just those candidates who have already identified as having appropriate security clearance." (Page 31 redline)Step 2 - "perform all its work under strict security and confidentiality rules." (Page 31 redline)</p> <p>Specific questions about the two processes:</p> <p>c) How is NERC going to maintain confidentiality through the BOT approval process and FERC submission? Will FERC determine which entities are allowed to review the NORP? Will FERC have to limit who sees the NOPR and if so, how does NERC plan to work with FERC to identify qualified individuals? Will the standard itself be confidential?</p> <p>d) The proposed processes limits who in the company would be allowed to review the standard. How is NERC going to identify these individuals? Most companies have different groups that interact with NERC and FERC so there may be a need to get multiple individuals to sign confidentiality agreement in order to allow individuals to review and provide comments . The proposed processes seem to assume that NERC knows who in the company should review the proposed standard. How is NERC going to make this determination and maintain such an extensive list of individuals?</p> <p>e) It is ATC's recommendation that the two identified processes be deleted, but that the following alternate process is incorporated. Alternate Process:ATC believes that the underlying justification to invoke a confidential standard can be kept in confidence, but the process used to develop the standard which imposes mandatory compliance requirements has to follow NERC's RoP and Section 215 of the EPA. NERC could issue an Alert based on the confidential information and then use the Alert as the input to a SAR. In this case the confidential information is not compromised and allows for the Normal Reliability Standards Process to be used. A second option is to not issue an alert but to issue a SAR that specifies the need for confidentiality and only the standards is posted for comment and ballot. In other words, the industry only sees the standard but is aware that the need is to address a national security issue.NERC BOT Directive:In addition to the above concern, ATC does not believe that the proposed processes are consistent with the BOT resolution. The BOT resolution stated the following: "In general, the threshold for invoking such a special process will be:""The President of the U.S. or Prime Minister of Canada or a national security agency or national intelligence agency of either or both governments issues to the ERO a written directive to determination that an imminent national security threat to the reliability of the bulk power system exists." (October 2008 Board meeting minutes)At the very minimum the above criteria for following the proposed processes should be incorporated into the RSDP. The BOT directive was very clear on this point and no justification was provided to not included this as the criteria for using an alternative process.Supporting StatementATC supports NERC's BOT goal for developing standards in which the details of the need for a standard are kept confidential but that the process for commenting and balloting must remain within NERC's</p>

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Organization	Yes or No	Question 2 Comment
		<p>RoP and Section 215 of the FPA. ATC is available to discuss our alternate process which we believe follows the sprit of NERC's RoP and Section 215 of the FPA.</p>
<p>Response:</p> <p>a. and b. We've interpreted the board's actions as determining that preserving national security is important enough that, under situations where the lack of action may result in an adverse impact to national security, some minor deviations to the full standards process are both reasonable and necessary. If the proposed modifications to the Reliability Standards Development Procedure are approved, they will be filed with FERC and will result in modifications to the ERO's Rules of Procedure. Note that the currently approved version of the Reliability Standards Development Procedure includes provisions for developing standards that include no comment periods, shortened comment periods and shortened ballot windows, depending upon the degree of urgency.</p> <p>c. As envisioned, most of the confidential information is expected to be associated with the explicit threat that was received and precipitated the need for an alert or a standard, and the source of that information. As the standard works through its development and approval process, the confidential information is not shared with all stakeholders – this is necessary to preserve national security. Under the circumstance where there is a standard that was developed and does involve a confidential issue, the “background” information is not expected to be made available to stakeholders, and would not be provided to balloters, nor in any public filing of the standard. Only government employees, board members, drafting team members and NERC staff who have the appropriate security clearance would have access to any of the confidential information. Once the standard is approved, it is not confidential, but the confidential information that drove the development of the standard would remain confidential.</p> <p>d. If the proposed modifications to the Reliability Standards Development Procedure are approved, entities identified in the Compliance Registry will be asked to identify an individual who will then be asked to sign a confidentiality agreement as a prerequisite to participation in a comment period for a standard that is developed to address an emergency situation.</p> <p>e. The Board sought and considered stakeholder comments on the development of standards to address an emergency situation and the Board's meeting minutes indicated that we were to “implement” not to “consider” the process that was included in the Board's October 2008 meeting minutes. Thus, we did not modify the proposed process to include the alternative suggested.</p>		
<p>Kansas City Power & Light</p>	<p>No</p>	<p>Although the concept and language is clear as to what the intent and process regarding the development of an emergency standard, there are some additional considerations. Recommend the process include what happens if there is no quorum established in the ballot voting and include what happens if a proposed emergency standard fails by vote. Also recommend the emergency process include provisions for an applicable entity to submit a waiver request for inability to meet requirements in a mandated time frame or inability to meet a requirement for technical reasons. In addition, it is not clear from the emergency process stated regarding the elements that will be included in an emergency standard. Are there any parts of a standard that may not be included as part of this emergency process such as an implementation</p>

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Organization	Yes or No	Question 2 Comment
		period, compliance section, data retention section and Violation Severity Levels?
<p>Response:</p> <p>The “Special Procedure” section of the manual address three different scenarios – a standard developed following a shortened timeline to address a confidential issue, a standard developed following the normal timeline to address a confidential issue, and an urgent action standard that does not address a confidential issue. In each case, there is some language in the manual to identify that the standard only “passes” if it achieves a quorum of at least 75% and a weighted affirmative approval of at least two thirds.</p> <p>For the two conditions where a standard is developed to address a confidential issue, then the following bullet from the proposed manual applies and indicates that the criteria for “passing” (meeting the threshold for quorum and approval) is the same as for a standard that doesn’t address a confidential issue:</p> <ul style="list-style-type: none"> • All remaining steps of the standards process will be followed. <p>For the condition where a standard is developed following the “Urgent Action” process, the following bullet from the proposed manual applies:</p> <ul style="list-style-type: none"> • This posting requires a minimum 30-day posting period before the ballot and applies the same voting procedure as described in Step 9. 		
Duke Energy	No	<p>The first section, titled Standards to Support Issues that are Confidential seems to be beyond the scope of the BOTs October 2008 directive. Because of its placement it seems to apply to any standard that the BOT feels is confidential, not merely to those that are of an emergency nature. To ensure that the intent of the BOT is clearly understood, that section should be removed and essential details incorporated into the Emergency Action? section. The paragraph immediately following the Emergency Actions title also departs in details from the BOT order. It would be best to use the exact wording from the October 2008 meeting minutes to avoid any confusion. To that end, replace information in the second sentence with a written directive of determination. The details on distributing the draft standard for comment should be included in the bulleted list of process steps under the section on Emergency Action Process for Standards Responsive to Imminent Issues that are Confidential.</p>
<p>Response: The Standards Committee agrees that the intent of the new process was to address confidential issues associated with national emergencies and we have modified the initial sentence of the description of “Special Procedures” to read:</p> <p>If the board directs the development of a reliability standard in response to a critical issue national security emergency situation that is so confidential that information can only be shared on a “need to know” basis, NERC will use all the steps in the standards development procedure, but will limit the participation and the amount of information released</p>		

Organization	Yes or No	Question 2 Comment
<p>within some of the steps of the procedure.</p>		
<p>The Standards Committee doesn't agree that it is necessary to use the exact language from the October 2008 motion – the Standards Committee believes the intent of the board's actions is supported in the proposed language.</p>		
<p>Alberta Electric System Operator</p>	<p>No</p>	<p>The North American electricity grid is comprised of several regions that have cross border interconnections. We appreciate the acknowledgement that an emergency Board of Trustees directive could be the result of information received from Canada or the United States and the need to promote international cooperation to ensure a secure system throughout the grid. The AESO has a number of comments and questions about the special procedures used to develop an emergency standard.</p> <ul style="list-style-type: none"> a) Will the emergency action standards development processes (both non-confidential and confidential processes) be approved through theANSIcertification process? b) With regard to the Confidential processes:Will these revised Rules restrict an ISO from sharing information with entities in its control area in an emergency situation? c) It appears that footnote 9 is linking Essential Action Alerts into the standards process and the two are separate processes. d) The standard drafting team (SDT) nomination process requires further clarification How will these candidates be selected? What is the nomination process? Will the SDT be international in representation? What type of security clearance will be used to confirm SDT members? e) The process needs to support regulatory structures in several countries. For example, there isn't just one Canadian regulatory body responsible for reliability standards as the structures are unique in each Canadian province.) f) Enhanced definition and details about the confidentiality rules should be incorporated. What will the process be whereby the SDT reviews its work as it is being developed with the appropriate governmental agencies in the U.S. and Canada, and how will those governmental authorities be identified?
<p>Response:</p> <p>a. We are working with ANSI to determine if the proposed revisions will meet ANSI's criteria. Note that the currently approved version of the Reliability Standards Development Procedure does meet ANSI's accreditation requirements and includes provisions for developing standards that include no comment periods, shortened comment periods and shortened ballot windows, depending upon the degree of urgency – provided we take the standards through the full development process within a reasonable period of time.</p>		

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Organization	Yes or No	Question 2 Comment
<p>b. In some cases only entities that are registered in the Compliance Registry and agree to sign a confidentiality agreement will have access to draft standards. Sharing the draft standards would be limited in accordance with the terms of the confidentiality agreement.</p> <p>c. The footnote was included to provide context for the board’s actions – to reassure readers that the board would issue an “alert” before directing that a standard be revised or developed.</p> <p>d. If a standard is needed to address a confidential issue and the standard needs to be developed as rapidly as possible, then the drafting team would be formed from the volunteers who would already have been screened for membership in “Hydra.” We are working to assure that there are members of Hydra who have technical expertise in the various content areas associated with reliability standards – and working to assure that the members are diverse with respect to nationality, industry segment, functional entity and interconnection representation. Members of Hydra will be asked to sign a confidentiality agreement. The proposed manual states:</p> <ul style="list-style-type: none"> • The standard drafting team nomination process shall be limited to just those candidates who have already been identified as having the appropriate security clearance, the requisite technical expertise, and either have signed or are willing to sign a strict confidentiality agreement. <p>e. We recognize that there are several different regulatory or governmental authorities involved in the approval of standards. At this point in time, some of the Canadian authorities have developed memorandums of understanding with NERC and some are still under development. To recognize that the entities that need to be involved in approving standards may change over time, the proposed language is generic to cover current and future approvals:</p> <ul style="list-style-type: none"> • The standard drafting team will review its work, to the extent practical, as it is being developed with officials from the appropriate governmental agencies in the U.S. and Canada, under strict security and confidentiality rules. <p>f. The government authorities that are involved in the review of a drafting team’s work may vary, depending on the nature of the emergency being addressed – as will the level of security.</p>		
Georgia System Operations Corporation	No	
Dominion Resourvures Inc.	Yes	<ul style="list-style-type: none"> • On page 31 (redline) under Standards to Support Issues that are Confidential, the special closed session of the NERC board Exhibit F step 6 on page 5 (as described in the Excepts from BOT Meeting Minutes document) is not addressed in this section of the RSDP.2) • On page 32 under Emergency Actions, the procedure states in part: an imminent national security threat to the reliability of the bulk power system⁹. Footnote # 9 indicates the NERC board will

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Organization	Yes or No	Question 2 Comment
		<p>direct the immediate development and issuance of an Essential Action alert. Dominion believes development and issuance of an Essential Action alert in response to an imminent national security threat belongs in a more prominent place in the document rather than a footnote.3)</p> <ul style="list-style-type: none"> On page 33 under Emergency Action Process for Standards Responsive to Imminent Issues that are Confidential, the special closed session of the NERC board Exhibit F step 6 on page 5 (as described in the Excerpts from BOT Meeting Minutes document) is not discussed in this section of the RSDP.
<p>Response:</p> <p>a. and c. Agreed. We have added the following bullet to show the possible “closed sessions” of the board.</p> <p style="padding-left: 40px;">a. If a standard is approved by its ballot pool, the team will present the proposed standard to the NERC board for approval in a special closed session, either in person or by conference call. (The closed session will allow the team to present not only the standard, but also the confidential information supporting its need.)</p> <p>b. The Standards Committee put the reference to the “Alert” in the footnote to assure entities that the board would take care of protecting reliability first by issuing the alert, and then by directing the development of a standard. The Reliability Standards Development Procedure only addresses the development of standards.</p>		
Independent Electricity System Operator	Yes	The Emergency Action standards development process should include a provision to automatically extend by at least one week or a period deemed appropriate by the Standards Process Manager, the deadlines for all the other standards in the standards development pipeline at the time the emergency action standard is posted for review and balloting. This will allow registered ballot body members to properly focus their attention on the proposed standard, particularly if the timeline for review is very short.
<p>Response: While this is a good suggestion, this may be more appropriate for use in a Standards Committee procedure than in the Reliability Standards Development Procedure. The Standards Committee already has the authority to make these types of extensions to comment periods and ballot windows.</p>		
FRCC Standards Department	Yes	
Northeast Power Coordinating Council	Yes	

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Organization	Yes or No	Question 2 Comment
Bonneville Power Administration	Yes	
IRC Standards Review Committee	Yes	
United Illuminating	Yes	
MidAmerican Energy	Yes	
Cowlitz County PUD	Yes	
PacifiCorp	Yes	

3. The Standards Committee revised the Reliability Standards Development Procedure manual to reflect the board’s February 2009 directive to modify the process used to develop and approve violation risk factors and violation severity levels. Do you agree that the modifications made to the manual on pages 9–12, 16, and 22–30 accurately support this board action? If you disagree with the accuracy of the proposed changes or if you believe additional changes should have been made, please explain in the comment area.

Summary Consideration: The board’s February 2009 meeting minutes clearly state:

. . . directs the Standards Committee, with the assistance of NERC staff, to develop all necessary conforming procedural changes to the *Reliability Standards Development Procedure* to implement these changes.

Several commenters disagreed with the proposed modifications, but for most of these commenters, the disagreement was with the board’s proposed process, not with the Standards Committee’s representation of the board’s process.

There were some commenters who objected to the language that stated that the VRFs and VSLs will be posted for at least one comment period. This is the current practice, where the requirements of the standard may be posted without measures and compliance information until there is consensus on the requirements. Based on stakeholder comments, the Standards Committee replaced the sentence stating that VRFs and VSLs would be posted at least once with the following, which was copied without edit from the board’s February, 2009 meeting minutes:

- The posting of draft VRFs and VSLs for stakeholder comment can be deferred until a second or later posting of the draft standard as determined by the standard drafting team; however, it is recommended that the VRFs and VSLs be posted for comment with the entire draft Reliability Standard as early in the standard development process as possible.

Organization	Yes or No	Question 3 Comment
Manitoba Hydro		Manitoba Hydro does not agree with changes in the approval process of the VRFs and VSLs. The VRFs and VSLs are an integral component of the standards. They affect requirements and measures, as well as the enforcement process; therefore, they should be voted on by industry with the standards themselves. If standards development is meant to be a collaborative effort between industry and NERC, then the process needs to remain transparent. The proposed modifications weaken the NERC standard development process and do not respect alternative monitoring and enforcement arrangements in other jurisdictions.

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Organization	Yes or No	Question 3 Comment
<p>Response: The Board sought and considered stakeholder comments on the development and approval of VRFs and VSLs before taking action during its February, 2009 meeting. The Board’s February 2009 meeting minutes clearly directed the Standards Committee to develop conforming changes to the Reliability Standards Development Procedure to reflect the board’s direction on the development of VRFs and VSLs, not to consider alternatives to the process outlined by the board. The VRFs and VSLs do not impact the requirements and measures – VRFs and VSLs are only used to identify a “starting point” for the determination of a penalty or sanction. If VRFs and VSLs were removed from the standard, the requirements and measures would stand on their own merits.</p> <p>We are hopeful that the standard drafting teams and NERC staff will propose a single set of VRFs and VSLs that achieve high stakeholder acceptance in their straw poll.</p>		
<p>IRC Standards Review Committee</p>	<p>No</p>	<p>The proposed changes do support the directive to separate the Compliance Elements from the standards. However, the IRC does not agree with the proposed process to separate approvals for the compliance elements and the standards. The IRC contends that the Industry and the Subject Matter Experts better understand each of the standards and their relationship to the compliance elements than does any one general independent group. If approval of the compliance elements were to be separated from the standards approval, we urge the Standards Committee to revise the process for recommendation to the Board. On Page 26 of the redline version, it states that: The poll taken on the violation risk factors and violation severity levels is ?non-binding.? The results of this poll will be reported to the Board of Trustees and considered by NERC staff in forming its recommendations. The results of the poll are one element for the Board of Trustees to consider when making a determination of whether to approve the compliance elements of the standards. The results of the poll do not determine whether these compliance elements are approved. This process has the potential of having two sets of recommendations being placed in front of the BoT one being the industry survey results and the other from the staff which may contradict with each other. This could put the BoT at a dilemma having to spend valuable time and resource to debate and resolve the conflicts. A more effective way to achieve consensus recommendations, in our view, is for the Standards Committee to work with NERC staff to present a mutually agreed final set of recommendations to the BoT with due consideration to the industry survey results and the staff’s assessment. The BoT will be asked to resolve any differences only when the SC and NERC staff are unable to reach an agreement on the final recommendations. We suggest the RSDP be revised to adopt this process.</p>
<p>Response: Thank you for indicating that the proposed changes do support the board’s directions. The Board sought and considered stakeholder comments on the development and approval of VRFs and VSLs before taking action during its February, 2009 meeting. The Board’s February 2009 meeting minutes clearly directed the Standards Committee to develop conforming changes to the Reliability Standards Development Procedure to reflect the board’s direction on the development of VRFs and VSLs, not to consider</p>		

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 3 Comment
<p>alternatives to the process outlined by the board.</p> <p>We are hopeful that the standard drafting teams and NERC staff will propose a single set of VRFs and VSLs that achieve high stakeholder acceptance in their straw poll.</p>		
<p>American Transmission Company and We Energies</p>	<p>No</p>	<p>ATC does not disagree with the proposed change to how VRF and VSL are balloted but have the following concerns and proposed modification.</p> <p>Overall concern: ATC does not agree that the proposed changes accurately represent the BOT resolution. The NERC Board Resolution provides: "RESOLVED, that the Board of Trustees concludes that the amended NERC Rules of Procedure should be based on the following tenets: (1) stakeholders and NERC staff will be provided ample opportunity to provide input on VRFs and VSLs as they are developed concurrently and in parallel with the associated Reliability Standards; "The proposed changes to the RSDP Page 10 Redline provides as follows:" These elements will be posted for stakeholder comment concurrent with the associated requirement at least once, and the standard drafting team, working with NERC staff will respond to all comments received. "ATC believes that the above provisions should be changed to allow for multiple opportunities for stakeholder comments. As drafted, the provision allows only one opportunity to comment on the proposed VSLs and VRFs, and there is no requirement that any of the comments be taken into account when NERC staff seeks the Boards approval of the standard and the associated VRFs and VSLs. This is not consistent with the Boards direction that there be ample opportunity to provide input on VRFs and VSLs. As an alternative, in addition to allowing stakeholders to comment on the proposed VRFs and VSLs, the procedures could permit stakeholders to provide comments directly to NERC's BOT prior to approval of the specific standard.</p> <p>Additionally, ATC believes that the language used in the procedure relating to compliance elements is potentially confusing and the term "compliance elements" should only be used when identifying all compliance elements. The term "VRF/VSL" should be used when identifying the specific changes that the NERC BOT directed. ATC recommends the following six changes/additions:</p> <p>1) Footnote two on page 9 of the Redline: "While the compliance elements of a standard are developed for each NERC standard, the VRF/VSL elements are not balloted and approved by the industry. The compliance section of the standard will not be included in any standard submitted to ANSI for approval as an American National Standard."</p> <p>2) Bullet point 1 under Standards Drafting Team (Page 19 of the Redline):"Develops the details of the standard (requirements), compliance monitoring process and supports NERC staff in the development of VRF/VSL" In ATCs view, the NERC proposed language of these provisions does not</p>

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Organization	Yes or No	Question 3 Comment
		<p>clearly identify the SDT role in the development of ?compliance elements.?</p> <p>3) Step 5 Draft New or Revised Standard first paragraph (Page 22 of the Redline):"The drafting of VRF/VSL will be the responsibility of NERC staff with the aid of the standards drafting team."</p> <p>4) Step 8 - Analysis of the Comments and Field Test Results (Page 24 of the Redline):"If the comments received indicate that the VRF/VSL should be changed to better conform to the criteria for establishing those elements, then NERC with the aid of the standards drafting team may make revisions."</p> <p>5) Step 10 - Adoption of the Reliability Standard by the Board and Approval of VRFs and VSLs (Page 28 of the Redline):"Once the board "adopts" a reliability standard and the associated VRF/VSL "The word approved should be replaced with "adopt" to follow earlier language in this step.</p> <p>6) Roles in the Reliability Standards Development Process (Pages 14 -16):This section should be updated to specify NERC's Staff and NERC BOT Responsibility: ATC offers the following that should be inculed: NERC Staff:- Responsible for the overall development and coordination with the SDT for VRFs and VSLsNERC BOT:- Responsible for reviewing and approving the VRFs and VSLs proposed by NERC Staff- Responsible for reviewing and adopting standards approved through the RSDP</p>
<p>Response: Thank you for indicating your support of the proposed changes regarding balloting VRFs and VSLs as identified in the board's directions.</p> <p>As originally proposed, stakeholders would have been provided with the opportunity to comment on proposed VRFs and VSLs "at least once" and that matches current practice. Because there were comments suggesting that the language should more closely match the language in the board's meeting minutes, the language was changed to the following:</p> <p>a. The posting of draft VRFs and VSLs for stakeholder comment can be deferred until a second or later posting of the draft standard as determined by the standard drafting team; however, it is recommended that the VRFs and VSLs be posted for comment with the entire draft Reliability Standard as early in the standard development process as possible.</p> <p>We do not support modifying the process to have individual stakeholders submit comments directly to the board, as this makes the board's job that much harder, and does not support the process outlined by the board after several stakeholder comment periods.</p> <p>1. The proposed additional bullet seems to add confusion rather than clarity. The original footnote was added to satisfy ANSI – ANSI asked NERC to verify that any standard submitted to ANSI would not include compliance elements. The additional bullet mixes this message with a message that is clearly stated on the following page – all of the compliance elements of the standard are identified and defined, and the distinction between those that are balloted and those that are not balloted is clearly identified.</p>		

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 3 Comment
		<p>2. We believe the bullet you referenced is on page 16, rather than page 19 and have responded accordingly. The language in the proposed revisions to the Reliability Standards Development Procedure uses the phrase, “working with NERC staff” because this is what was in the board’s directive:</p> <ul style="list-style-type: none"> • The standard drafting team working with NERC staff, will draft VRFs and VSLs associated with Reliability Standards, taking into account the NERC and appropriate governmental agency development guidelines for assigning VRFs and VSLs. <p>3. We think that the language proposed in the manual more closely aligns with the language in the Board’s directives:</p> <ul style="list-style-type: none"> • The standard drafting team working with NERC staff, will draft VRFs and VSLs associated with Reliability Standards, taking into account the NERC and appropriate governmental agency development guidelines for assigning VRFs and VSLs. <p>4. We think that the language proposed in the manual more closely aligns with the language in the Board’s directives:</p> <ul style="list-style-type: none"> • The standard drafting team and NERC staff, working together, will analyze and respond to written public comments on the draft VRFs and VSLs using the process defined in the <i>Reliability Standards Development Procedure</i>. <p>5. The Ballot Pool “approves” the reliability standard – the Board “adopts” the standard that was approved by the Ballot Pool – however the Board does “approve” the VRFs and VSLs. Thus the proposed language is correct.</p> <p>6. We do agree that in the next revision to the manual, the “Roles and Responsibilities” section of the manual should be revised. We will keep your suggestions for the next set of revisions to the manual.</p>
MRO NERC Standards Review Subcommittee	No	VRFs and VSLs are directly linked to the requirements and measurements of the standards as well as to the enforcement and as such are integral components of the standards in that they have a direct impact on the level of penalty that is allowed to be assessed should there be a violation. Given their importance, the MRO NSRS does not believe that VRFs and VSLs should be removed from the scrutiny of the Stakeholder balloting process.
<p>Response: The Board sought and considered stakeholder comments on the development and approval of VRFs and VSLs before taking action during its February, 2009 meeting. The Board’s February 2009 meeting minutes clearly directed the Standards Committee to develop conforming changes to the Reliability Standards Development Procedure to reflect the board’s direction on the development of VRFs and VSLs. Note that the results of the straw polls will be presented to the board as one element for consideration when determining whether to approve proposed VRFs and VSLs.</p>		

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 3 Comment
Kansas City Power & Light	No	Do not agree that the Violation Risk Factor (VRF) be removed from the standards development process as part of the role industry plays in the development of requirements. The VRF by definition is a reliability related part of the standards and requirements representing the impact a requirement has on the bulk electric system. Considering the complexity and interrelationships of the hundreds of requirements, an appropriate determination of a VRF is dependent on the expert knowledge and experience of industry personnel. Highly recommend the NERC Reliability Standards Development Procedure clearly include the VRF as part of the industry process in determination and industry acceptance by vote.
<p>Response: The Board sought and considered stakeholder comments on the development and approval of VRFs and VSLs before taking action during its February, 2009 meeting. The Board's February 2009 meeting minutes clearly directed the Standards Committee to develop conforming changes to the Reliability Standards Development Procedure to reflect the board's direction on the development of VRFs and VSLs. The proposed process still includes involvement of the drafting team in the development of VRFs (and VSLs). And, the results of the straw polls will be presented to the board as one element for consideration when determining whether to approve proposed VRFs and VSLs.</p>		
MidAmerican Energy	No	The modifications made accurately support the board action to remove industry participation in development of VRFs and VSLs. However, MidAmerican believes that the removal of the VRFs and VSLs from the standards development process is inappropriate. The VRFs and VSLs are directly linked to the requirements and measurements of the standards. They are an integral part of the standards directly weighting the impact of enforcement. Given their importance and potential impact to registered entities, the VRFs and VSLs should not be removed from the Stakeholder balloting process.
<p>Response: Thank you for indicating that the proposed changes do support the board's directions. The Board sought and considered stakeholder comments on the development and approval of VRFs and VSLs before taking action during its February, 2009 meeting. The Board's February 2009 meeting minutes clearly directed the Standards Committee to develop conforming changes to the Reliability Standards Development Procedure to reflect the board's direction on the development of VRFs and VSLs. Note that the results of the straw polls will be presented to the board as one element for consideration when determining whether to approve proposed VRFs and VSLs.</p>		
Duke Energy	No	Duke supports development of the VRFs and VSLs with a process that adheres as closely as possible to the ANSI approved process used in development of the standard requirements, while acknowledging that they are treated differently in the regulatory arena. The BOTs intent that the Standard Committee present the results of the non-binding poll and the industry comments to the

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 3 Comment
		<p>BOT is included in the description of the Compliance Elements on p 10 of the draft, but is noticeably absent in changes to the detailed process steps on page 26 (Step 9 ? Ballot the New or Revised Standard) and page 28 (Step 10 Adoption of the Reliability Standard by the Board and Approval of Violation Risk Factors, and Violation Severity Levels).</p> <p>It is also Duke's understanding that the BOT intended the recommendation on the VRFs and VSLs to the BOT come from the Standard Drafting Team. In keeping with that, changes should be made to reflect the recommendation coming, with the standard requirements, from the Standard Drafting Team (in the description of the Compliance Elements on p 11, in Step 9 on p 26 and in Step 10 on p 28). It should then reflect the SDT's opinion, the results of the non-binding poll and the industry comments being presented by the Standards Committee and any dissenting recommendation coming from NERC staff.</p>
<p>Response: Note that it is not just regulatory authorities that want to treat VRFs and VSLs different from reliability requirements - ANSI does not consider VRFs, VSLs, or any of the other compliance elements of the standard to be part of the "standard" and advised NERC not to include these elements if/when NERC files a reliability standard with ANSI.</p> <p>The following sentence that appeared on page 10 of the draft was added to the language in Step 9 of the balloting process to confirm that VRFs and VSLs may be modified after the non-binding poll, based on stakeholder comments.</p> <p style="padding-left: 40px;">If stakeholder comments submitted with the non-binding poll indicate specific improvements that would improve consensus, then the SDT, working with NERC staff, will revise the VRFs and VSLs to reflect stakeholder comments.</p> <p>The manual was also modified to make it clearer that the board shall consider the submittals from the Standards Committee as well as the submittals from the Standards Staff when making a determination about approving VRFs and VSLs. The modified language under Step 9 of the process states:</p> <p style="padding-left: 40px;">Separately, the board shall consider approval of the violation risk factors and violation severity levels associated with a reliability standard. In making its determination, the board shall consider the following:</p> <ul style="list-style-type: none"> • The Standards Committee shall present the results of the non-binding poll conducted and a summary of industry comments received on the final posting of the proposed VRFs and VSLs. • NERC staff shall present a set of recommended VRFs and VSLs that considers the views of the standard drafting team, stakeholder comments received on the draft VRFs and VSLs during the posting for comment process, the non-binding poll results, appropriate governmental agency rules and directives, and VRF and VSL assignments for other 		

Organization	Yes or No	Question 3 Comment
<p>Reliability Standards to ensure consistency and relevance across the entire spectrum of Reliability Standards.</p>		
<p>The Standards Committee does not believe that the board intended the Standard Drafting Team to make a presentation on the VRFs and VSLs to the board. There is no language in the board’s meeting minutes indicating that the standard drafting team will present its recommendation directly to the board. The board’s meeting minutes indicate that staff will “. . . take into consideration the views of the standard drafting team. . .” but there is no mention of the standard drafting team having responsibility for delivering a product to the board.</p>		
<p>Independent Electricity System Operator</p>	<p>No</p>	<p>We believe the modifications to the manual accurately support the board action but we believe further changes should be made. Page 10 of the redline version, states These elements will be posted for stakeholder comment concurrent with the associated requirements at least once and the standards drafting team. Our concern here is that industry may have only one chance to comment on the VRFs and VSLs prior to the non-binding ballot. This will not provide sufficient opportunity for stakeholders to build consensus and speak in one voice on these compliance issues and to gauge the SDTs and NERCs willingness to accept alternative views. We suggest changing this to at least twice unless consensus in support of the compliance elements is reached after the first posting. The standards drafting team. This will give stakeholders some comfort in knowing they have a greater opportunity to influence the outcome, especially given the fact that the ballot on the compliance element will be non-binding. The revised VRF/VSL process has the potential of having two sets of recommendations being placed before the BoT one being the industry survey results and the other from the staff. These may contradict each other and could put the BoT in a position of having to spend valuable time and resources to debate and resolve the conflicts. A more effective way to achieve consensus recommendations, in our view, is for the Standards Committee to work with NERC staff to present a mutually agreeable set of recommendations to the BoT with due consideration to the industry survey results and the staffs assessment. The BoT will be asked to resolve any differences only when the SC and NERC staff are unable to reach an agreement on the final recommendations. We suggest the RSDP be revised to adopt this process. We do not agree with the removal of the requester at step 8. The involvement of the requester was deemed useful in the original version of the RSDP and we do not see how inclusion of NERC staff at step 8 would change this.</p>
<p>Response: As originally proposed, stakeholders would have been provided with the opportunity to comment on proposed VRFs and VSLs “at least once” and that matches current practice. Because there were comments suggesting that the language should more closely match the language in the board’s meeting minutes, the language was changed to the following:</p> <p>b. The posting of draft VRFs and VSLs for stakeholder comment can be deferred until a second or later posting of the</p>		

Consideration of Comments on Reliability Standards Development Procedure

Organization	Yes or No	Question 3 Comment
<p>draft standard as determined by the standard drafting team; however, it is recommended that the VRFs and VSLs be posted for comment with the entire draft Reliability Standard as early in the standard development process as possible.</p> <p>We are hopeful that the standard drafting teams and NERC staff will propose a single set of VRFs and VSLs that achieve high stakeholder acceptance in their straw poll.</p>		
PacifiCorp	No	<p>The modifications made accurately support the board action to remove industry participation in development of VRFs and VSLs. However, PacifiCorp believes that the removal of the VRFs and VSLs from the standards development process is inappropriate. The VRFs and VSLs are directly linked to the requirements and measurements of the standards. They are an integral part of the standards directly weighting the impact of enforcement. Given their importance and potential impact to registered entities, the VRFs and VSLs should not be removed from the Stakeholder balloting process.</p>
<p>Response: Thank you for indicating that the proposed changes do support the board’s directions. The Board sought and considered stakeholder comments on the development and approval of VRFs and VSLs before taking action during its February, 2009 meeting. The Board’s February 2009 meeting minutes clearly directed the Standards Committee to develop conforming changes to the Reliability Standards Development Procedure to reflect the board’s direction on the development of VRFs and VSLs. Note that the results of the straw polls will be presented to the board as one element for consideration when determining whether to approve proposed VRFs and VSLs.</p>		
Georgia System Operations Corporation	No	
Dominion Resources Inc.	Yes	
FRCC Standards Department	Yes	
Northeast Power Coordinating Council	Yes	
Bonneville Power Administration	Yes	

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Organization	Yes or No	Question 3 Comment
United Illuminating	Yes	
Cowlitz County PUD	Yes	

4. If you have any other comments on the Standards Committee’s posted revisions to the Reliability Standards Development Procedure that you have not already provided in response to the prior questions, please provide them here. Note that if you propose suggestions for additional edits to address other concerns beyond those associated with the modifications to address these three board actions, your comments will be considered by the Standards Committee’s Standards Committee for use in developing the next set of revisions to the manual.

Summary Consideration: The Standards Committee thanks those who proposed additional modifications to the Reliability Standards Development Procedure – these suggestions will be used by the Process Subcommittee when it develops the next set of revisions to the manual later in 2009.

Organization	Question 4 Comment
<p>Dominion Resources Inc.</p>	<p>1) The BOT actions document reads Upon receiving the required 2/3 weighted-segment vote approving the standard, and the subsequent recirculation ballot, the team will present the proposed standard to the NERC board for approval. This seems to indicate that NERC will only act upon such standards that have passed. Should we question what happens if a draft standard developed under this process fails? i.e. standard does not achieve industry consensus therefore the standard will not proceed for ballot.</p> <p>2) Request to clarify in a new section of the RSDP related to the reliability standards that were approved and became mandatory by FERC order 693. As these standards become active for revision under the NERC Standards Development Plan, they go through the stakeholder process for revision, balloting and approval by the BOT. Upon approval by the BOT, these standards are now mandatory without penalties until FERC approves them. During that period until the standard become FERC approved, are the registered entity required to be compliant with the active FERC approved standard and the BOT approved standard, or wait until the standard becomes FERC approved.</p> <p>3) Request to clarify the language in section Interpretation of Standards of the RSDP The interpretation will stand until such time as the standard is revised through the normal process, at which time the standard will be modified to incorporate the clarifications provided by the interpretation. The interpretation of the standards with the assigned letter (i.e. BAL-005-0.1b and BAL-005-0b) is causing confusion by not recognizing which version of the standard is deemed mandatory.</p>
<p>Response: As envisioned, the board will only act on standards that have been approved by their ballot pool.</p> <p>As envisioned, if immediate action were needed to protect reliability, an “alert” would be issued, followed by a reliability standard if needed. Entities would be expected to take immediate steps to become compliant as quickly as possible. Note that in some</p>	

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Organization	Question 4 Comment
<p>jurisdictions, reliability standards become enforceable (in accordance with the associated implementation plan) upon board adoption.</p> <p>With respect to the numbering of standards – when a standard has an interpretation that is approved, a lower case letter is added to the standard’s version number. When there is errata that is posted for stakeholder comment then submitted to the board and regulatory authorities, the standard’s version number is modified by adding a numeral after the decimal. Thus BAL-005-0 and BAL-005-0.0b and BAL-005-1b have identical requirements - the “b” indicates there have been two interpretations (the first interpretation would have changed the standard’s number to BAL-005-0a) and the “.1” indicates there has been some errata in the standard.</p>	
FRCC Standards Department	<p>The FRCC Staff strongly supports the revisions to the standard development procedure in response to the board directives. Additionally, FRCC Staff commends the Standards Committee and the Process Subcommittee on their continued efforts throughout the revision process.</p>
<p>Response: The Standards Committee thanks you for your support.</p>	
Bonneville Power Administration	<p>Throughout the document in various places there is a comma erroneously placed. "violation risk factors, and violation severity levels" - the comma needs to be removed. Thanks.</p>
<p>Response: Thank you for your comment. The extra commas have been deleted.</p>	
MRO NERC Standards Review Subcommittee	<p>With respect to Q2, the MRO NSRS disagrees with the revisions made for the national security emergency situations; we believe the Urgent Action process that is currently in place covers these situations, in addition, the proposed revisions are restrictive when no cause has been shown to have these restrictions. The MRO NSRS questions how the BOT proposes to limit participation in the development process during these situations while still having the process remain open and inclusive?It is the understanding of the MRO NSRS that substantive changes to the RSDP are required to be brought before the ballot body and balloted in the same fashion as a proposed standard. The MRO NSRS believes that the changes to the RSDP that the BOT requested at their February 2009 meeting constitute substantive changes and therefore must be balloted.The MRO NSRS questions whether giving the BOT the ultimate approval authority rather than the ballot body of the VRFs and VSLs is not potentially a violation of the ANSI approved process that is the cornerstone of the Standards Development Process. It is the opinion of the MRO NSRS that the subject matter experts from the industry, using the ANSI accredited process, are in the best position to understand each of the elements contained in the standards and their relationship to compliance and therefore pass judgment on their appropriateness. By not allowing the ballot body to pass judgment on a standard with the VRFs and VSLs included, a measure of the process transparency is removed. It is essential that the standards development process be a cooperative effort between the industry and NERC. By removing such vital elements from the standards, it is the opinion of the MRO NSRS that the cooperative nature of this effort will be reduced.</p>
<p>Response: The restrictions are only applicable when there is a national security emergency situation. The Urgent Action process</p>	

Consideration of Comments on Reliability Standards Development Procedure

Organization	Question 4 Comment
	<p>does not protect confidentiality of information. When there is a national security emergency situation, the process is as open and inclusive as practical up to the point where additional exposure jeopardizes national security. The Standards Committee does intend to post the proposed revisions to the Reliability Standards Development Procedure for a pre-ballot review and then to have a ballot pool vote on the proposed changes in accordance with the Reliability Standards Development Procedure.</p> <p>ANSI does not consider any of the compliance elements of the standard to be part of the “standard” – ANSI directed that when NERC files a standard with ANSI, NERC should only file the “requirement” not the compliance elements.</p> <p>The NERC board collected stakeholder comments on its proposed revisions to the development and approval of VRFs and VSLs, and is not seeking additional comments – the board directed the Standards Committee to move forward and take steps to implement the changes.</p>
Kansas City Power & Light	No other comments.
MidAmerican Energy	MidAmerican seeks clarification as to whether giving the BOT the ultimate VRF / VSL approval authority rather than the ballot body is a potential violation of the ANSI approved process that is the cornerstone of the Reliability Standards Development Process. Industry subject matter experts combined with the ANSI accredited process and NERC oversight provides the best balanced approach to good standards development. Removing the ballot bodys ability to modify the VRFs and VSLs could result in poor standard development, wasted resource deployment, and undue NERC and regional enforcement backlogs.
	<p>Response: ANSI does not consider any of the compliance elements of the standard to be part of the “standard” – ANSI directed that when NERC files a standard with ANSI, NERC should only file the “requirement” not the compliance elements. Thus, we do not believe that ANSI will object to the proposed modification in the manner used to develop and approve VRFs and VSLs.</p> <p>The NERC board collected stakeholder comments on its proposed revisions to the development and approval of VRFs and VSLs, and is not seeking additional comments – the board directed the Standards Committee to move forward and take steps to implement the changes.</p>
Cowlitz County PUD	The changes appear to be adequate and appropriate.
Response: Thank you for your support.	
Duke Energy	In reference to the changes made to support standards developed in response to national security emergency situations, Duke supports using the established standard drafting process as closely as possible. The proposed process raises concerns that this will no longer be an ANSI based process with adequate opportunity for broad technical and policy input

Consideration of Comments on Reliability Standards Development Procedure

Organization	Question 4 Comment
	<p>from parties that have sufficient information to base decisions and comments on. For example, the proposed revisions indicate the draft standard will be distributed only to those entities that will be expected to comply and who have identified individuals from their organizations that have signed confidentiality agreements with NERC?. It is not clear why this would be different from the normal comment distribution process since it seems from the October 2008 BOT directive that no confidential rationale and justification will be included with the draft, and the final draft will be then be presented for ballot with no restrictions. There may be entities that are not listed in the Applicability section of the standard that would nevertheless be impacted by the standard and would thus have valuable input to the draft standard.</p>
<p>Response: The board directed that we move forward and take steps to implement their proposed process for developing standards that address national security emergency situations. We expect that the board’s proposed process tries to find the right balance by protecting stakeholders interests while also protecting national security.</p>	
<p>Alberta Electric System Operator</p>	<p>The AESO encourages international cooperation when NERC SDTs are developing emergency standards of a confidential nature.</p>
<p>Response: Agreed – that is the intent.</p>	
<p>Independent Electricity System Operator</p>	<p>On Pages 32 and 33 of the Redlined version, the process of forming the ballot pool by the standards process manager is shown as Step 3 of the Process whereas it should be Step 9 of the process (page 25 of the redlined version).</p>
<p>Response: Agreed – the references to forming the ballot pool were both changed to reference “Step 9” as noted.</p>	
<p>PacifiCorp</p>	<p>With respect to Question 3, it is PacifiCorps understanding that substantive changes to the RSDP are required to be brought before the ballot body and balloted in the same fashion as a proposed standard. MidAmerican believes that BOT requested changes to the RSDP constitute substantive changes and therefore must be balloted. PacifiCorp seeks clarification as to whether giving the BOT the ultimate VRF / VSL approval authority rather than the ballot body is a potential violation of the ANSI approved process that is the cornerstone of the Reliability Standards Development Process. Industry subject matter experts combined with the ANSI accredited process and NERC oversight provides the best balanced approach to good standards development. Removing the ballot bodys ability to modify the VRFs and VSLs could result in poor standard development, wasted resource deployment, and undue NERC and regional enforcement backlogs.</p>
<p>Response: The Standards Committee agrees that the proposed changes do address “fundamental tenets” and need to be balloted. ANSI does not consider any of the compliance elements of the standard to be part of the “standard” – ANSI directed that when NERC files a standard with ANSI, NERC should only file the “requirement” not the compliance elements. Thus, we do not believe that ANSI</p>	

Organization	Question 4 Comment
	<p>will object to the proposed modification in the manner used to develop and approve VRFs and VSLs.</p> <p>We are hopeful that the standard drafting teams and NERC staff will propose a single set of VRFs and VSLs that achieve high stakeholder acceptance in their straw poll.</p>
<p>Georgia System Operations Corporation</p>	<p>Comments on Reliability Standards Development Procedures Due 4/27/09</p> <ol style="list-style-type: none"> 1. Characteristics of a Reliability Standard Organization Certification Standards are not going to be a requirement of an entity being Certified. This is a change that is being made to ROP 500 Appendix A 2. Performance Elements of a Reliability Standard Requirements No certification requirements will be in the reliability standards 3. Measures Measures are Proxies? What does this mean? 4. Roles Should be Regional Entity instead of Regional Reliability Organization 5. Board of Trustees Should not say may but should say will 6. The Compliance and Certification Committees role should be identified 7. Under no circumstances. Standards Committee does recommend changes Should say without the approval of the Board? 8. Ballot Pool Should say votes to approve or disapprove 9. NERC and Regional Entity Organization Members Regional Entity should be stated instead of Regional Reliability Organization 10. What is appropriate security clearance 11. Special Procedures When do special procedures go to the industry for comments and approval 12. Interpretations The board should approve an interpretation of a Reliability Standard 13. Tenets Why were Emergency Actions eliminated? 14. Section 10 Regional Reliability Organizations This needs to be changed. NERC is now using Regional Entity in lieu of RRO. 15. General Note: The process that the Standards committee is using on this matter does not capture the spirit and intent of the stated revision process to the Rules of Procedure. This process limits the commentor's ability to give comments with respect to the entire procedure at this stage and the comments form says they will not be considered at this time. That may be the intent of the process but it is somewhat manipulative.

Organization	Question 4 Comment
	<p>Response:</p> <p>1, 2 - The Standards Committee is working on a set of additional revisions to the Reliability Standards Development Procedure Manual and has identified the need to remove the reference in the manual that is made to “Organization Certification Standards.”</p> <p>3 – The original intent of the measure was to clearly identify what the compliance monitor (now compliance enforcement authority) would look at to determine if the entity were compliant. Originally the measures were intended to be more detailed than the associated requirements. As the process has been used, stakeholders have not accepted having measures more detailed than requirements, and we expect to modify the description of “measures” in the next version of the manual.</p> <p>4 – The Standards Committee has identified the need to replace “Regional Reliability Organization” with “Regional Entity.”</p> <p>5 – The board has wanted the authority to determine whether or not to file a standard with regulatory authorities to make the standard “enforceable.”</p>