



June 4, 2010

## **Comments on Proposed Amendments to NERC Rules of Procedure—Section 300**

American Electric Power (AEP) offers the following comments regarding the proposed changes to Section 300 – Reliability Standards of the NERC Rules of Procedures. AEP supports the creation, enhancement and refinement of NERC Reliability Standards either initiated by the industry or directives issued by governmental authorities such as FERC. In addition, AEP acknowledges the challenge placed upon NERC to comply with the FERC order issued on March 18, 2010. However, AEP has concerns that the proposed changes will result in a significant departure from the current practices in the ANSI accredited Standards Development Program.

### Rule 321, Section 2

Section 2 of the proposed Rule 321 states:

“Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed reliability standard that contains a provision to address a specific matter as directed by and ERO governmental authority, the Board of Trustees shall remand the proposed reliability standard to the Standards Committee....”

This statement appears to presume that the fundamental element of the standard that caused the failure in passing the ballot was a result of a directive from a governmental authority such as FERC. In many cases there will be changes to proposed reliability standards that are not solely an outcome of a FERC directive. In these situations it would be impossible to ascertain the drivers causing the failure to attain the two-thirds majority segment ballot.

Section 2.2 of the proposed Rule 321 modifies how ballots are counted in re-ballot conducted as a result of the procedures outlined in Section 2. According to the proposal, only “affirmative votes and negative votes with substantive comments shall be counted....” The term “substantive” is vague and subjective and could lead to confusion and open the door for numerous debates and challenges. Furthermore, the proposal does not identify who would make the determination if comments provided during the vote are “substantive.” As mentioned above, it is likely that there would be a wide variety of comments offered which may or may not be centered on a directive from a governmental authority.



In closing, AEP continues to support NERC's efforts to develop clear, measurable and technically sound reliability standards in an open and collaborative process by the industry. However, by modifying the NERC Rules of Procedure as drafted, NERC is transferring the responsibility of creating quality and technically sound reliability standards away from the technical expertise of the industry. NERC, with the input of the industry, should be able to disagree with the need for prescribed modifications to standards, or at least develop alternatives that address the perceived issue. The proposed changes do not encourage or promote such a collaborative process. The true remedy is a process whereby NERC works closely with FERC such that directives are not needed to compel NERC to create or modify standards.