

A. Revise Rule 309 in the following manner (new language is underscored):

309. Filing of Reliability Standards for Approval by ERO Governmental Authorities

1. Filing of Reliability Standards for Approval — Where authorized by applicable legislation or agreement, NERC shall file with the applicable ERO governmental authorities each reliability standard, modification to a reliability standard, or withdrawal of a standard that is approved by the board. Each filing shall be in the format required by the ERO governmental authority and shall include: a concise statement of the basis and purpose of the standard; the text of the standard; the implementation plan for the reliability standard; a demonstration that the standard meets the essential attributes of reliability standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and (i) a discussion of public comments received during the development of the reliability standard and the consideration of those comments, (ii) the Standard shall address specific matters that are contained in a directive issued by an applicable ERO governmental authority (iii) if the Standard does not address the directive, the filing shall include an explanation for the excluding the directive.

2. Remanded Reliability Standards and Directives to Develop Standards — If an ERO governmental authority remands a reliability standard to NERC or directs NERC to develop a reliability standard, NERC shall within five (5) business days notify all other applicable ERO governmental authorities, and shall within thirty (30) calendar days report to all ERO governmental authorities a plan and timetable for modification or development of the reliability standard. Standards that are remanded or directed by an ERO governmental authority shall be modified or developed using the *Reliability Standards Development Procedure*. NERC shall, during the development of a modification for the remanded standard or directed standard, consult with other ERO governmental authorities to coordinate any impacts of the proposed standards in those other jurisdictions. The urgent approval action procedure may be applied if necessary to meet a timetable for action required by the ERO governmental authorities, respecting to the extent possible the provisions in the standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing reliability standards. If the standards process fails to produce a standard that addresses a specific matter that is contained in a directive issued by an applicable ERO governmental authority, then Rule 321 of these Rules of Procedure shall apply.

3. Directives to Develop Standards under Extraordinary Circumstances — An ERO governmental authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a reliability standard. In such a case, the applicable agency may direct the development of a standard within a certain deadline. NERC staff shall prepare the standards authorization request and seek a stakeholder sponsor for the request. If NERC is unable to find a sponsor for the proposed standard, NERC will be designated as the requestor. The proposed standard will then proceed through the standards development process, using the urgent and emergency action procedures described in the *Reliability Standards Development Procedure* as

necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the standards development process for reasonable notice and opportunity for public comment, due 2 process, openness, and a balance of interests in developing reliability standards. If the standards process fails to produce a standard that addresses a specific matter that is contained in a directive issued by an applicable ERO governmental authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

3.1 Consistent with all reliability standards developed under the urgent or emergency action process, each of the three possible follow-up actions as documented in the *Reliability Standards Development Procedure* are to be completed through the standards development process and are subject to approval by the ERO governmental authorities in the U.S. and Canada.

B. Add a new rule to Section 300 of the Rules of Procedure, as follows (new language is underscored):

321. Special Rule to Address Certain Regulatory Directives

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are contained in directives issued by applicable ERO governmental authorities. The Board of Trustees may remand, with instructions, a proposed reliability standard that fails to address such directives to the Standards Committee.

2. 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 an ERO governmental authority, the Board of Trustees shall remand the proposed reliability standard to the Standards Committee, with instructions to (i) prepare a memorandum describing the issues surrounding the regulatory directive, and (ii) re-ballot the proposed reliability standard one additional time.

2.1 Such a re-ballot shall be completed within thirty days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.

2.2 In any such re-ballot, negative votes without ~~substantive~~ comments shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with substantive comments shall be counted for purposes of determining the number of votes cast and whether the proposed standard passes.

3. If the re-balloted proposed reliability standard achieves at least an affirmative two-thirds majority vote of the weighted segment votes cast, with a quorum 3 established, then the proposed reliability standard shall be deemed approved by the ballot pool and shall be submitted to the Board of Trustees for approval.

4. If the re-balloted proposed reliability standard fails to achieve at least an affirmative two-thirds majority vote of the weighted segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted segment votes cast, with a quorum established, then the Board of Trustees may consider the proposed reliability standard for approval under the following procedures:

4.1 The Board of Trustees shall issue notice of its intent to consider the proposed reliability standard and shall solicit input particularly focused on the technical aspects of the provisions of the proposed reliability standard that address the specific matter identified in the regulatory directive.

4.2 The Board of Trustees may, in its discretion, convene a technical conference to receive additional input on the matter.

4.3 After considering the developmental record, the comments received during balloting and the additional input received under subsections 4.1 and 4.2 of this rule, the Board of Trustees may act on the proposed reliability standard.

4.3.1 If the Board of Trustees concludes that the proposed reliability standard should be adopted, then it shall approve the proposed reliability standard and direct that it be filed with applicable ERO governmental authorities with a request that it be made effective.

4.3.2 If the Board of Trustees concludes that the proposed reliability standard should not be adopted, then it shall direct that the proposed reliability standard be filed with the applicable ERO governmental authorities in response to the order giving rise to the regulatory directive, along with a recommendation that the standard not be made effective and an explanation of the basis for its conclusion.

4.4 If the re-balloted proposed reliability standard that contains a provision to address a specific matter as directed by an ERO governmental authority fails to achieve at least a sixty percent affirmative majority of the weighted segment votes cast, or the re-ballot fails to achieve a quorum, then NERC shall, within thirty days of the failed re-ballot, file a report with the applicable ERO governmental authority regarding the circumstances of the matter.⁴

5. NERC shall on March 31st of each year file a report with applicable ERO governmental authorities on the status and timetable for addressing each directive to address a specific matter received from an applicable ERO governmental authority.