



**NORTH AMERICAN
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COUNCIL**

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Process for Developing the Compliance Elements of NERC Reliability Standards

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Introduction

NERC's reliability standards consist of two distinct elements¹ — a 'performance elements' section that includes the requirements and measures, and a 'compliance' section that contains compliance administration information and levels of non-compliance. The performance elements are developed by standard drafting teams (SDTs) following the process identified in the Reliability Standards Development Procedure. Each SDT reports to the Standards Committee (SC) and is supported by a NERC coordinator. The SDT develops the following performance elements of the standard:

- Title
- Applicability
- Effective Date
- Purpose
- Requirements
- Risk Factors
- Measures

The compliance elements are developed by compliance elements drafting teams (CEDTs). Each CEDT reports to the Compliance and Certification Committee (CCC) and is supported by a NERC coordinator. The CEDT develops the following compliance elements of the standard:

- Compliance monitoring responsibility
- Compliance monitoring period and reset time frame
- Data retention
- Specific data or information that must be made available to show compliance
- Levels of non-compliance (violation severity level)

The SDT and the CEDT will coordinate their development activities to produce a complete reliability standard for the industry. The SC and the CCC will oversee both groups in a spirit of cooperation to ensure that NERC's reliability standards are developed in accordance with the Reliability Standards Development Procedure and to ensure that these standards support NERC's Compliance Enforcement Program.

The Reliability Standards Development Procedure describes the process of developing the performance elements of standards. The purpose of this supplemental procedure is to provide an overview of the process that will be used to develop the compliance elements for NERC's reliability standards. The NERC Reliability Standard Drafting Teams Guidelines document will include a description of the coordinated process involved in developing a complete reliability standard.

Project Schedule

When the SC accepts a SAR for development as a NERC standard, the Director of Standards Development will draft a standard development schedule. This project schedule will be

¹ A detailed description of each of the performance elements and each of the compliance elements of a standard can be found in the Reliability Standards Development Procedure V5 pages 9–11.

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reviewed with the CCC, NERC compliance staff, and the SC and any revisions to the schedule will be identified and agreed upon by both the SC and the CCC. If there is a disagreement on the schedule, the SC has the final authority over the project schedule.

The project schedule will include major milestones such as dates for posting draft standards and associated compliance elements, as well as dates for exchanging documents between the SDT and the CEDT in support of each posting. All involved will approach the schedule with the understanding that the schedule is a ‘target’ and it may not be possible for drafting teams to adhere to the overall schedule because sometimes stakeholder comments dictate that the standards undergo more comment periods than originally anticipated.

The project schedule should anticipate how many comment periods will be needed. If a proposed standard action is a simple revision to an existing standard, then one or two comment periods should be sufficient, and the compliance elements should be included in the proposed standard with the first posting of the proposed standard. In cases where a new standard is being developed, the first posting may proceed without the inclusion of compliance elements. In all cases, the draft standard project must include at least one 45-day posting that includes the complete set of compliance elements. If the compliance elements are likely to be controversial, then the project schedule should include at least two postings that include comment periods where stakeholders can comment on the compliance elements.

Compliance Elements Drafting Team (CEDT)

The CCC will appoint a Compliance Elements Drafting Team (CEDT) to develop the compliance elements of the standard. The CCC may appoint the team from its own representatives; can appoint a team by selecting candidates from a list of nominees solicited through a public posting; or can request that NERC compliance staff (i.e., staff or others as named or appointed by NERC’s Director of Compliance) serve as the CEDT. The CEDT may be as small as a single person.

If the CCC elects to form a team of industry volunteers, it may elect to post a CEDT nomination form with the nomination form for the standard drafting team and could link it to the same announcement made for the formation of a standard drafting team; NERC’s compliance staff would collect and forward the nomination forms to the CCC and the CCC would appoint the team.

In all instances, NERC compliance staff will be involved in the developing the compliance elements of the standard; as a minimum a staff member named by the Director of Compliance will serve as the Compliance Coordinator and will be responsible for communicating progress against the project schedule to the CCC, the Director of Compliance, and the Director of Standards. If the CCC elects to form a CEDT, the team must be formed and in place, ready to meet and act in accordance with the project schedule; otherwise, or in the absence of a CCC-appointed CEDT, NERC’s compliance staff will serve in this capacity.

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Development of Compliance Elements

The SDT will draft performance elements and may draft compliance elements for that standard for consideration by the standard's CEDT. If the SDT does elect to draft compliance elements, the SDT will forward these proposed elements to the compliance coordinator for the CEDT.

The CEDT will develop all required compliance elements and associated questions for a comment form and will forward these to the SDT coordinator at the same time the CEDT forwards the document to the CCC. The SDT coordinator will circulate the proposed compliance elements to the SDT and solicit verification from the SDT membership that the compliance elements are consistent with the intended scope and reliability impact of the standard.

The CCC will verify that the compliance elements proposed for the standard are appropriate and consistent with compliance elements of other standards or other facets of the compliance program. Both the CEDT and the SDT will review and return any required revisions as well as any suggested revisions to the CEDT in accordance with the project schedule. The CEDT will incorporate the revisions and forward the final version to the Standards Process Administrator in accordance with the project schedule.

Posting Draft Standards and Compliance Elements; Collecting Stakeholder Comments

NERC's Standards Process Administrator will post each draft standard (including both the performance elements and the compliance elements) with its associated comment form.

When posted, the standard will be as complete as possible — that is it will be a single document that contains all proposed performance elements and associated compliance elements. (If the standard is expected to undergo significant refinement as it is developed, the standard may be posted at least once without the compliance elements.) Compliance elements will not be posted without their associated performance elements.

The questions on the comment form that ask stakeholders to comment on the acceptability of the compliance elements will be included in the same comment form used to collect stakeholder feedback on the performance elements.

NERC's Standards Process Administrator will assemble the comments submitted on each comment form and will develop a single report that will be distributed to both the SDT and the CEDT so that both teams will be aware of the entire set of comments and the inter-relationships between the performance elements and the associated compliance elements.

Considering Comments on Draft Standards

The SDT is responsible for and will consider and respond to all comments received on the standard's performance elements; the CEDT is responsible for and will consider and respond to all comments received on the compliance elements in the standard. Both teams will use a 'joint team' list server for distribution of documents, and the coordinators of both teams will review the draft documents from both teams to ensure that there are no conflicts in the draft responses to comments. Each coordinator will forward the team's draft document along with a 'redline' to

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show associated changes to the performance elements or compliance elements to the Standards Process Administrator for final editing and posting. If the standard will be posted for another comment period, each team must submit a list of questions for inclusion on the comment form to solicit stakeholder feedback on:

- Appropriateness of the changes made
- Identification of additional changes needed before the standard is finalized
- Appropriateness of the proposed effective date and other aspects of the associated Implementation Plan

Implementation Plan

There will be a single 'Implementation Plan' for the reliability standard. The SDT and CEDT have a joint responsibility for developing this plan.

The Implementation Plan must be posted for at least one 45-day comment period — and there must be a question on the associated comment form to ask for feedback on the proposed effective date.

The SDT will provide the CEDT with draft 'effective dates.' The SDT may propose a single effective date for all requirements in a standard, or may identify different effective dates for different requirements. The SDT will provide its justification for selecting the proposed effective date or dates. The SDT Coordinator will provide these draft effective dates and associated justification to the CEDT Coordinator.

The CEDT may accept the SDT's effective dates or may add more time to those dates to align with NERC's compliance enforcement program. The CEDT must provide a paragraph for the Implementation Plan to explain its justification for selecting the proposed effective date or dates. The justification should expand on the justification provided by the SDT.

The proposed effective date (or dates) in the Implementation Plan must match the Proposed Effective Date section of the associated standard. The CEDT coordinator is responsible for providing the information for the Implementation Plan to the SDT coordinator.

Field Tests

A field test can be used to validate the concepts, requirements, measures or compliance elements of any standard. In general, a field test is used when there is a need to prove a concept or test some part of a standard before that standard is balloted. There are no strict rules about the scope or duration of field tests. The SC requires that each draft standard, including its associated compliance elements, be reviewed before going to ballot, to determine if any field testing is needed before the standard is balloted.

The SDT coordinator shall send a request to the Director of Compliance, requesting that a recommendation be made regarding field testing. The request shall be accompanied by all stakeholder comments submitted in response to the SDT's request for feedback on the need for any field testing, and shall be accompanied by the SDT's recommendation regarding the need for any field testing.

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The Director of Compliance shall forward the request to the CCC and shall collect and consider the recommendation of the CCC in determining whether to recommend that field testing be conducted. The Director of Compliance shall send its recommendation on field testing to the chair of the SC, including justification for the recommendation.

The CEDT Coordinator will be responsible for coordinating the field testing of any compliance elements and will report field test progress to the CCC. The CCC will use the results of the field test in determining whether changes are needed to the compliance elements of the standard.

Authorizing SC to Move the Compliance Elements Forward to Ballot

The CEDT coordinator will forward a request to the CCC, asking for authorization to ballot the compliance elements of a standard. The request shall include the following information:

- A statement indicating the CEDT believes there is stakeholder consensus on the compliance elements of the standard
- Confirmation that all comments have been addressed and that commenters have been advised that there is an appeals process
- A summary listing of the work of the CEDT to achieve stakeholder consensus:
 - Dates each draft of the compliance elements was posted for comment
 - Link to each posted version of the standard's compliance elements
 - Link to each posted version of responses to comments
 - Link to redline version of the 'final standard's compliance elements' to show changes from the last version of the standard's compliance elements posted for comment.
 - Link to the clean and redline versions of the Implementation Plan
- An analysis of the diversity of stakeholder participation in the comment periods
- Identification of any strong minority views that were not satisfied during the revisions made to the standard's compliance elements
- Request to post the draft standard's compliance elements for a 30-day pre-ballot review period
- Updated project schedule

The CCC will review the above documents and determine whether stakeholder comments have been adequately and appropriately addressed. The CCC will also ensure that the compliance elements presented for ballot are consistent with other standards and the compliance enforcement program. Accordingly, if the CCC is satisfied that the CEDT followed its process and that the compliance elements proposed are adequately consistent with other standards and the NERC compliance program, the CCC shall authorize the compliance elements to move forward for balloting with the associated performance elements

If the CCC feels that the compliance elements need significant modifications, the compliance elements will be returned to the CEDT for additional work and an additional comment period and the CCC will notify the SC of the schedule delay.

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The CCC shall notify the SC when the compliance elements are ready to ballot with their associated performance elements. If needed, the SC will delay balloting the performance elements of a standard until the associated compliance elements are also ready to ballot. Each standard must be complete when balloted — it must include all performance elements and all compliance elements.

Comments on Ballots

Following the initial ballot for each standard, the Standards Process Administrator will assemble a ‘comment report’ for use by both the SDT and CEDT. The comment report contains every comment that was submitted with either a negative or an affirmative ballot. Each comment will be assigned to either the SDT or the CEDT. Each team will respond to its comments in accordance with the project schedule, and the coordinators of both teams will ensure that the responses are not in conflict. If both teams are in agreement that the standard and compliance elements have achieved consensus and modifications aren’t necessary, then the standard will proceed to a re-circulation ballot in accordance with the standard process.

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