

SECTION 500 — ORGANIZATION REGISTRATION AND CERTIFICATION

501. Scope of the Organization Registration and Certification Program

The purpose of the compliance registry is to clearly identify those entities that are responsible for compliance with reliability standards. Organizations listed on the registry are responsible for knowing the content of and for complying with the NERC reliability standards. Organizations listed in the registry are not, nor do they become, members of NERC, a regional entity, or a regional reliability organization by virtue of being listed in the compliance registry. Membership in NERC is governed by Article II of NERC's bylaws; membership in a regional entity or regional reliability organization is governed by that entity's bylaws or rules.

The purpose of the certification program is to ensure that the new entity (applicant) has the tools, processes, training, and procedures to become certified and then operational.

Organization registration and certification may be delegated to regional entities in accordance with the procedures in this Section 500, the NERC *Organization Registration and Certification Manual*, which is incorporated into these rules as Appendix 5, and approved regional entity delegation agreements or other agreements.

1. **Compliance Registry** — NERC shall establish and maintain a compliance registry of the bulk power system owners, operators, and users that are subject to approved reliability standards.
 - 1.1 The registry shall set forth the identity and functions performed for each organization responsible for meeting requirements of the reliability standards including: reliability coordinators, balancing authorities, transmission operators, transmission owners, generator operators, generator owners, transmission service providers, planning authorities, transmission planners, resource planners, load-serving entities, purchasing-selling entities, interchange authorities, and distribution providers. Bulk power system owners, operators, and users shall provide to NERC and the applicable regional entity information necessary to complete the registration.
 - 1.2 In the development of the compliance registry NERC and the regional entities shall consider the following factors in determining which organizations should be placed in the registry:
 - 1.2.1 Owners, operators and/or users of the bulk power system will generally be included in the registry. The bulk power system includes, as defined by the Regional Entity, the electrical generation resources, transmission lines, interconnections with neighboring systems, and associated equipment, generally operated at voltages of 100 kV or

higher. Radial transmission facilities serving only load with one transmission source are generally not included in this definition.

- 1.2.2 A customer that receives electric service at retail and does not otherwise directly receive, sell, purchase, or transmit power over the bulk power system or own, operate, maintain, or control facilities or systems that are part of the bulk power system will not, in general, be considered a user of the bulk power system, unless the entity's actions or facilities have impact on the bulk power system;
- 1.2.3 An entity directly connected to the bulk power system selling, purchasing, or transmitting electric energy over the bulk power system will generally be considered a user of the bulk power system, unless the entity's actions or facilities have no material impact on the bulk power system;
- 1.2.4 Notwithstanding the other considerations in this Section 1.2, if the consequences of an entity's actions or inactions could have a material impact on the bulk power system, that entity may be considered a user of the bulk power system;
- 1.2.5 Where parties agree, in writing, upon a division of compliance responsibility among the parties for one or more reliability standard(s) applicable to a particular function, and/or for one or more requirements within particular reliability standard(s) there must be a written agreement that clearly specifies their respective responsibilities.
- 1.2.6 (a) A generation or transmission cooperative, a joint-action agency or another organization (Joint Registration Organization or JRO) may be registered, in lieu of each of the JRO's members or related entities being registered individually, by the JRO accepting the reliability functions identified in Section 1.1 above, or

(b) a JRO and its members or related entities may enter into a written agreement that delineates which entity(s) will be responsible for one or more reliability standards applicable to a particular function and/or for one or more requirements within particular reliability standards applicable to a particular function and/or for one or more requirements within particular reliability standards, in either case in accordance with the provisions specified in Section 507 (each of (a) and (b), a "joint registration").

For purpose of this Section 501.1.2.7 and Section 507, a "related entity" is an entity whose operations in relation to the operation of the JRO make it feasible for the JRO to accept responsibility for

reliability functions for which the related entity would otherwise be responsible.

1.3 NERC and the regional entities shall use the following procedure for establishing and maintaining the compliance registry based on the registration criteria as identified by NERC and/or the regional entity:

1.3.1 NERC shall notify each organization that it is on the compliance registry.

- The entity is responsible for compliance with the standards applicable to the functions for which it is registered from the time it receives the registration notification from NERC, subject to the appeal process.

Southern Comment: An entity should have a reasonable period of time to respond to NERC, the appropriate Regional Entity, and possibly FERC instead of becoming immediately subject to standards upon receipt of a registration notification.

1.3.2 Any organization receiving such a notice may challenge its placement on the compliance registry by filing its written objection to NERC's compliance staff stating the reasons it believes it should not be registered within 21 days (per Appendix 5 *Organization Registration and Certification Manual*).

1.3.3 The Compliance Committee of the Board of Trustees will promptly issue a written decision on the challenge, including the reasons for the decision.

1.3.4 The decision of the Compliance Committee of the Board of Trustees shall be final unless, within 21 days, the organization appeals the decision to the applicable governmental authority.

1.3.5 Each entity identified in the registry shall notify NERC and its corresponding regional entity of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the entity's responsibilities with respect to the reliability standards. Failure to notify will not relieve the entity from any responsibility to comply with the reliability standards or shield it from any penalties or sanctions associated with failing to comply with such standards (per Appendix 5 *Organization Registration and Certification Manual*).

Southern Comment: It is conceivable who an entity might contact at the regional entity level on matters that affect the entity's responsibilities w/r/t the reliability standards, but who is expected to be contacted at NERC for these situations?

- 1.4 For all geographical or electrical areas of the bulk power system, the registration process shall ensure that (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the reliability standards to the fullest extent practical, and (2) there is no unnecessary duplication of such coverage or of required oversight of such coverage.

Southern Comment: Consistent guidance should be used by each Regional Entity to determine “no areas are lacking” and “no unnecessary duplication”.

- 1.5 NERC shall maintain the compliance registry of organizations responsible for meeting the requirements of the reliability standards currently in effect on its Web site and shall update the compliance registry monthly.
2. **Entity Certification** — NERC shall provide for certification of all entities with primary reliability responsibilities requiring certification as established in the NERC certification process including those entities that are provisionally certified in accordance with the Provisional NERC Certification Process. The NERC program shall:
 - 2.1 Evaluate and certify the competency of entities performing reliability functions. The entities presently expected to be certified include reliability coordinators, transmission operators, and balancing authorities. Other entities may be added, as required.
 - 2.2 Evaluate and certify each applicant’s ability to meet the requirements established by the NERC certification process identified in section 2.1.
 - 2.3 Maintain process documentation.
 - 2.4 Maintain records of currently certified entities.
 - 2.5 Issue a certification document to the applicant that successfully demonstrates its competency to perform the evaluated functions.
 3. **Delegation and Oversight**
 - 3.1 NERC may delegate the responsibilities of organization registration and certification to regional entities in accordance with requirements established by NERC. Delegation will be via the delegation agreement between NERC and the regional entity or other applicable agreement. The regional entity shall administer an organization registration and certification program to meet NERC’s program goals and requirements.
 - 3.2 NERC shall develop and maintain a plan to ensure the continuity of organization registration and certification within the geographic or electrical boundaries of a regional entity in the event that no entity is functioning as a regional entity for that region, or the regional entity withdraws as a regional entity, or does not operate its organization

registration and certification program in accordance with delegation agreements.

- 3.3 NERC shall develop and maintain a program to monitor and oversee each regional entity's organization registration and certification program that is delegated authority through a delegation agreement or other applicable agreement.

3.3.1 This program shall monitor whether the regional entity carries out its organization registration and certification program in accordance with NERC requirements, and whether there is consistency, fairness of administration, and comparability of outcomes within each regional entity's certification and registration program **and among all of the programs.**

Southern Comment: All of the draft documents address certification and registration. We recognize NERC is trying to convey that there should be consistency in all programs, the highlighted phrase appears to be misplaced and creates confusion in this bullet.

3.3.2 Monitoring and oversight shall be accomplished through direct participation in the organization certification process and periodic reviews of program documents and records.

502. Organization Registration and Certification Program Requirements

1. NERC shall maintain the organization registration and certification program.
 - 1.1 The roles and authority of regional entities in the program are delegated from NERC pursuant to the rules of procedure through regional delegation agreements or other applicable agreements.
 - 1.2 Processes for the program shall be administered by NERC and the regional entities. **Materials that each regional entity uses are subject to review and approval by NERC.**
 - 1.3 The appeals process for the registration and certification process is identified in Appendix 5 *Organization Registration and Certification Manual*.
 - 1.4 The certification team membership is identified in Appendix 5 *Organization Registration and Certification Manual*.

2. To ensure consistency and fairness of the registration and certification program, NERC shall develop procedures to be used by all regional entities and NERC in accordance with the following criteria:
 - 2.1 NERC and the regional entities shall have data management processes and procedures that provide for confidentiality, integrity, and retention of data and information collected.
 - 2.2 Documentation that was used to register and/or certify an entity must be retained by the region/lead region for (6) six years, unless a different retention period is otherwise identified, for the purposes of future audits of these programs
 - 2.3 To maintain the integrity of the NERC Organization Registration and Certification Program, NERC, regional entities, certification team members, program audit team members (section 506), and committee members shall maintain the confidentiality of information provided by an applicant or entities.
 - 2.3.1 NERC and the regional entities shall have appropriate codes of conduct and confidentiality agreements for staff, certification team, certification related committees, and certification program audit team members.

Southern Comment: Are these documents available for review and comment?

2.3.2 Staff, certification team, certification related committees, and registration and certification program audit team members shall maintain the confidentiality of any registration or certification-related discussions or documents designated as confidential (see Section 1500 for types of confidential information). Staff, certification team, certification related committees, and certification program audit team members shall treat as confidential the individual comments expressed during evaluations, program audits and report-drafting sessions.

2.3.3 Copies of notes, draft reports, and other interim documents developed or used during a entity certification evaluation or program audit shall be destroyed after the public posting of a final, uncontested report.

Southern Comment: This process should be more specific regarding – types of documents to be retained and types to be destroyed, and party responsible for ensuring that documents are retained or destroyed in an appropriate and secure manner. Who at NERC is to be accountable for destroying the documents? Is this the Division of Compliance at NERC? There needs to be ownership provided.

- 2.3.4 Information deemed by an applicant, entity, a regional entity, or NERC as confidential or critical energy infrastructure information, shall not be released publicly or distributed outside of a committee or team.
- 2.3.5 In the event that a staff, certification team, certification related committees, and registration and certification program audit team members **violates any of the confidentiality rules** set forth above, the staff, committee, or audit team member and any member organization with which the individual is associated may be subject to immediate dismissal from the audit team and may be prohibited from future participation in compliance program activities by the regional entity or NERC.

Southern Comment: The background check and training requirements should apply to these individuals. Also, this seems like trivial punishment, if there is even any punishment at all, for violating confidentiality rules. Such confidentiality violations could potentially result in CEII information being mistakenly provided publicly that could lead to potential reliability risks. To say “may be subject” leaves much doubt about there being any punishment at all.

- 2.3.6 NERC shall develop and provide training in auditing skills to all individuals prior to participating in certification evaluations . Training for certification team leaders shall be more comprehensive than training given to industry experts, regional entity members, and volunteers. **Training for regional entity members and volunteers may be delegated to the regional entity.**

Southern Comment: Trainers and leaders should receive consistent training from NERC prior to training regional entity members and volunteers.

- 2.4 An applicant that is determined to be competent to perform a function after completing all certification requirements shall be deemed certified by NERC to perform that function for which it has demonstrated full competency.

Southern Comment: Where are “Grandfathered” entities discussed? Assuming you have been through a recent (how recent is being debated) Readiness Evaluation or Compliance Audit, these entities are considered certified on a “Grandfathered” basis.

- 2.4.1 An applicant deemed certified by NERC to perform a function shall be considered and may be referred to as a certified transmission operator, certified balancing authority, or certified reliability coordinator. Only entities that have received such certifications from NERC shall be so designated.

503. Regional Entity Implementation of Organization Registration and Certification Program Requirements

1. **Delegation** — Recognizing the regional entity’s knowledge of and experience with their members, NERC may delegate responsibility for organization registration and certification to the regional entity through a delegation agreement or another applicable agreements.
2. **Registration** — The following organization registration activities shall be managed by the regional entity per the NERC *Organization Registration and Certification manual*, which is incorporated into the Rules of Procedure as Appendix 5 *Organization Registration and Certification Manual*.
 - 2.1 Entities seeking registration shall contact the regional entity(ies) in which they operate to become registered and, if necessary, certified.
 - 2.2 Regional entities shall verify that all balancing authorities and transmission operators are under the responsibility of a reliability coordinator.
 - 2.3 Regional entities shall verify that all transmission elements of the bulk power system operated within their geographic boundaries are under the authority and control of a transmission planner, planning authority, transmission owner, and transmission operator.
 - 2.4 Regional entities shall verify that all loads and generation sources within their geographic boundaries are under the authority and control of a balancing authority.
 - 2.5 Regional entities shall verify that no geographical or electrical areas of the bulk power system within their boundaries have duplication of coverage or are lacking an entity responsible for meeting the requirements in the reliability standards.

Southern Comment: As stated before, consistent guidelines for each region.

3. **Certification** — The following organization certification activities shall be managed by the regional entity in accordance with an approved delegation agreement or another applicable agreement:

- 3.1 An entity seeking certification to perform one of the functions requiring certification shall contact the regional entity for the region(s) in which it plans to operate to apply for certification.
- 3.2 An entity seeking certification and other affected entities shall provide all information and data requested by NERC or the regional entity to conduct the certification process.
- 3.3 Regional entities shall notify NERC of all certification applicants.
- 3.4 The regional entity shall establish certification procedures to include evaluation processes, schedules and deadlines, expectations of the applicants and all entities participating in the evaluation and certification processes, and requirements for certification team members.

Southern Comment: Again, the certification procedures should be consistent in each region or, at a minimum, approved by NERC

- 3.4.1 The regional entity certification procedures will include provisions for on-site visits to the applicant's facilities to review the data collected through questionnaires, interviewing the operations and management personnel, inspecting the facilities and equipment (including requesting a demonstration of all tools identified in the certification process), reviewing all necessary documents and data (including all agreements, processes, and procedures identified in the certification process), reviewing certification documents and projected system operator work schedules, and reviewing any additional documentation needed to support the completed questionnaire or inquiries arising during the site visit.
- 3.4.2 The regional entity's certification procedures will provide for preparation of a written report by the certification team, detailing any deficiencies that must be resolved prior to granting certification, along with any other recommendations for consideration by the applicant, entity, the regional entity, or NERC.
- 3.4.3 The regional entity shall evaluate the competency of entities requiring certification to meet all of the certification requirements

504. Appeals

1. NERC shall maintain an appeals process to resolve any disputes related to registration or certification activities per the *Organization Registration and Certification Manual*, which is incorporated in these rules as Appendix 5.

2. The regional entity certification appeals process shall culminate with the regional board or a committee established by and reporting to the board as the final adjudicator, provided that: (1) in Texas RE (TRE), the Public Utility Commission of Texas may act as the final adjudicator, and (2) where applicable, Canadian provincial governmental authorities may act as the final adjudicator in their jurisdictions. NERC shall be notified of all appeals and may observe any proceedings (*NERC Organization Registration and Certification Manual* — (Appendix 5 *Organization Registration and Certification Manual*)).

505. Program Maintenance

NERC shall maintain its program materials, including such manuals or other documents as it deems necessary, of the governing policies and procedures of the organization registration and certification program.

506. Independent Audit of NERC Organization Registration and Certification Program

1. NERC, through the Compliance and Certification Committee, shall provide for an independent audit of its organization registration and certification program at least once every three years, or more frequently, as determined by the board. The audit shall be conducted by **independent expert auditors** as selected by the board.
2. The audit shall evaluate the success and effectiveness of the NERC organization registration and certification program in achieving its mission.
3. The final report shall be posted by NERC for public viewing according to the reporting and disclosure process in Section 408.
4. If the audit report includes recommendations to improve the program, the administrators of the program shall provide a written response to the board within 30 days of the final report, detailing the disposition of each and every recommendation, including an explanation of the reasons for rejecting a recommendation and an implementation plan for the recommendations accepted.

Southern Comment: Where are the guidelines NERC will use for qualifying expert auditors as “independent”? What is the criteria for being deemed independent?

General Comment: Where in the Rules of Procedure is duplication of responsibilities covered? For example, where is the process discussed to resolve an issue where a new entity wants to become certified for a function already being performed by another entity who wants to remain certified?

507. Provisions Relating to Joint Registrations and Joint Registration Organizations

1. **Registration by a JRO.** In addition to registering as the entity responsible for all functions that a JRO performs itself, a JRO may register on behalf of one or more

of its members or related entities for one or more functions to which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for all requirements of reliability standards applicable to that function or those functions including reporting requirements. Any entity seeking to register as a JRO for any or all requirements identified in the reliability standards that would otherwise be the responsibility of one or more of its members or related entities shall provide to the applicable regional entity information, in the form requested by the regional entity, sufficient to identify whether the entity or its member(s) or related entities will be responsible for compliance with each requirement of the reliability standards for the applicable functional responsibilities covered by the joint registration. The JRO must identify its primary compliance contact. The JRO primary compliance contact is responsible for providing all of the information and data, including submitting reports, as needed by the regional entity for performing assessments of compliance.

2. **Joint registration pursuant to written agreement.** Where parties agree, in writing, upon a division of compliance responsibility among them for one or more reliability standard(s) applicable to a particular function, and/or for one or more requirements within particular reliability standard(s), the parties shall become members of a JRO for that function. The JRO submission must include a written agreement that governs itself and clearly specifies the member's respective responsibilities. The registration of the JRO shall fully complete the registration of its members for their responsibilities under the agreement. Neither NERC nor the regional entity shall be parties to any such agreement, nor shall NERC or the regional entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the joint registration.
3. NERC or the regional entity may request clarification of any list submitted to it that identifies the compliance responsibilities of the JRO and its member(s) or related entity(ies), and may request such additional information as NERC or the regional entity deems appropriate.
4. The regional entity shall notify NERC of each joint registration that the regional entity accepts. The regional entity's acceptance of a joint registration shall be a representation by the regional entity to NERC that the regional entity has concluded the joint registration will result in (1) no areas lacking any entities to meet the requirements identified in the reliability standards, and (2) no unnecessary duplication of such coverage of areas by entities to meet the requirements identified in the reliability standards or of required oversight of such coverage.
5. NERC shall maintain, and shall post on its Web site, a Joint Registration Organization registry listing all joint registrations that have been accepted by NERC or by a regional entity and the reliability standards or requirements thereof for which each JRO and each of its members or related entities is responsible

under the joint registration. The postings on NERC's web site shall clearly identify the compliance responsibilities of the JRO and of each of its member(s) or related entity(ies). Such postings are intended to enable reliability coordinators and other system operators to be fully aware of responsibilities and chains of command in order to respond quickly and decisively to system operation events.

6. Annually following submission of a joint registration, the JRO shall provide the regional entity with a list, in a form specified by the regional entity, that identifies the members or related entities and the functions for which the JRO has registered on behalf of such members or related entities and for which the JRO assumes compliance responsibility. Additionally, a JRO shall provide a revised list of compliance responsibilities to the regional entity each time the JRO accepts additional compliance responsibilities for a member or related entity or for a new member or related entity, and each time that any compliance reliability reverts from the JRO to a member or related entity. The regional entity shall promptly notify NERC of each such revision.
7. In the event of a violation of a reliability standard or of a requirement of a reliability standard, the JRO or its member or related entity identified in the Joint Registration Organization registry as responsible for such reliability standard or requirement shall be identified in the notice of alleged violation and shall be assessed the sanction or penalty for the violation. In accordance with the NERC *Sanctions Guidelines*, for a violation that is attributable to a member or related entity that is registered under the joint registration, the penalty or sanction imposed for the violation will bear reasonable relation to the violation as incurred by that member or related entity and not the JRO. In the event a regional entity is not able to determine, based on the joint registration and the annual or other revised list submitted by the JRO, which entity is responsible for a particular reliability standard or requirement thereof that has been violated, the regional entity shall issue the notice of alleged violation to, and shall impose any sanction or penalty on, the JRO. NERC and the regional entity shall have no responsibility for any allocation or collection of penalties or sanctions between or among the JRO and its member(s) or related entity(ies).
8. **Individual member registration.** Nothing in this Section 507 shall preclude a member of a JRO, a related entity, or any other entity, from registering on its own behalf and undertaking full compliance responsibility, including reporting requirements, for the reliability standards applicable to the function(s) for which the member or other entity is registering. A JRO member or related entity that registers as responsible for any reliability standard or requirement of a reliability standard shall inform the JRO of its registration.