

Periodic Review Template: PER-004-2 Reliability Coordination - Staffing

December 2016

Introduction

The North American Electric Reliability Corporation (NERC) is required to conduct a periodic review of each NERC Reliability Standard at least once every ten (10) years, or once every five (5) years for Reliability Standards approved by the American National Standards Institute as an American National Standard.¹ The Reliability Standard identified above has been included in the current cycle of periodic reviews. The Review Team shall consist of two (2) subgroups; a Standing Review Team which is appointed annually by the Standards Committee for periodic reviews, and a stakeholder Subject Matter Expert (SME) team.² Consistent with Section 13 of the Standards Processes Manual, the Standards Committee may use a public nomination process to appoint the stakeholder SME team, or may use another method to appoint that results in a team that collectively has the necessary technical expertise and work process skills to meet the objectives of the project. The technical experts provide the subject matter expertise and guide the development of the technical aspects of the periodic review, assisted by technical writers, legal and compliance experts. The technical experts maintain authority over the technical details of the periodic review.

Together, the Standing Review Team and SME stakeholder team are the Review Team for a particular periodic review project and complete their portion of the template below.

The purpose of the template is to collect background information, pose questions to guide a comprehensive review of the Standard(s) by the Review Team, and document the Review Team's considerations and recommendations. The Review Team will post the completed template containing its recommendations for information and stakeholder input as required by Section 13 of the NERC Standard Processes Manual.

Review Team Composition

	Standing Review Team	Plus Section 13 (SMEs):
Non-CIP Standards	Chairs of the following NERC Standing Committees ³ : <ul style="list-style-type: none"> Standards Committee (Also, the SC chair or his/her delegate from the 	The Standards Committee will appoint stakeholder subject matter experts for the particular standard(s) being reviewed. The SMEs will work together with the

¹NERC Standard Processes Manual 45 (2013), posted at http://www.nerc.com/pa/Stand/Documents/Appendix_3A_StandardsProcessesManual.pdf.

² Other reliability standards included as part of the Review Team's periodic review were PER-003-1 (included in a separate, concurrent, report) and PER-001-0.2 (which was approved for retirement on March 31, 2017 and therefore not included in either report).

³Each committee chair may, at his or her discretion, delegate participation on the Standing Review Team to another member of his or her committee.

	<p>SC will chair the Standing Review Team)⁴</p> <ul style="list-style-type: none"> • Planning Committee • Operating Committee <p>The Standing Review Team will meet with SMEs and help to ensure a consistent strategy and approach across all of the reviews.</p>	<p>Standing Review Team to conduct its review of the standard(s) and complete the template below.</p>
CIP Standards	<p>Chairs of the following NERC Standing Committees⁵:</p> <ul style="list-style-type: none"> • Standards Committee (Also, the SC chair or his/her delegate from the SC will chair the Standing Review Team) • CIPC 	<p>The Standards Committee will appoint stakeholder subject matter experts for the particular standard(s) being reviewed. The SMEs will work together with the Standing Review Team to conduct its review of the standard(s) and complete the template below.</p>

The Review Team will use the background information and the questions below, along with any associated worksheets or reference documents, to guide a comprehensive review that results in a recommendation from one of the following three (3) choices:

1. Recommend reaffirming the Standard as steady-state (Green); or
2. Recommend that the standard is sufficient to protect reliability and meet the reliability objective of the standard, however there may be future opportunity to improve a non-substantive or insignificant quality and content issue – i.e., continue to monitor (Yellow); or
3. Recommend that the standard needs revision or retirement (Red).

If the team recommends a revision to or a retirement of the Reliability Standard, it must also submit a Standard Authorization Request (SAR) outlining the proposed scope and technical justification for the revision or retirement.

A completed Periodic Review Template and any associated documentation should be submitted by email to Darrel Richardson at darrel.richardson@nerc.net.

⁴ The Standards Committee chair may delegate one member of the SC to chair one Standing Review Team’s review of a standard s), and another SC member to chair a review of another standard(s).

⁵ Each committee chair may, at his or her discretion, delegate participation on the Standing Review Team to another member of his or her committee.

Applicable Reliability Standard: PER-004-2

Team Members (include name and organization):

1. Patti Metro, Nation Rural Electric Cooperative Association
2. Lauri Jones, Pacific Gas and Electric Company
3. Heather Morgan, EDP Renewables North America LLC
4. Jeffrey Sunvick, Western Area Power Administration
5. Jimmy Womack, Southwest Power Pool
6. Brad Perrett, Minnesota Power
7. Carolyn White Wilson, Duke Energy Corporation
8. Michael B. Hoke, PJM Interconnection LLC
9. Danny W. Johnson, Xcel Energy
10. Darrel Richardson, NERC Senior Standards Developer
11. Candice Castaneda, NERC Counsel
12. Michael Brytowski, Great River Energy PMOS Representative

Date Review Completed:

Background Information (to be completed initially by NERC staff)

1. Are there any outstanding Federal Energy Regulatory Commission (FERC) directives associated with the Reliability Standard? *(If so, NERC staff will attach a list of the directives with citations to associated FERC orders for inclusion in a SAR.)*

Yes

No

2. Have stakeholders requested clarity on the Reliability Standard in the form of an (outstanding, in progress, or approved) Interpretation or Compliance Application Notice (CAN)? *(If there are, NERC staff will include a list of the Interpretation(s), CAN(s), or other stakeholder-identified issue(s) that apply to the Reliability Standard.)*

Yes

No

Please explain:

3. Is the Reliability Standard one of the most violated Reliability Standards?

Yes No

If so, does the cause of the frequent violation appear to be a lack of clarity in the language?

 Yes No

Please explain:

Questions for the Review Team

If NERC staff answered “Yes” to any of the questions above, the Reliability Standard probably requires revision. The questions below are intended to further guide your review. Some of the questions reference documents provided by NERC staff as indicated in the Background questions above. Either as a guide to help answer the ensuing questions or as a final check, the Review Team is to use Attachment 3: Independent Expert Evaluation Process.

I. Quality

1. **Reliability Need, Paragraph 81:** Do any of the requirements in the Reliability Standard meet criteria for retirement or modification based on Paragraph 81 concepts? *Use Attachment 2: Paragraph 81 Criteria to make this determination.*

 Yes No

Please summarize your application of Paragraph 81 Criteria, if any:

This standard falls within Paragraph 81 Criterion B7, because all of its requirements are redundant with requirements in other FERC-approved reliability standards that are in effect or soon to be effective. It is not necessary or efficient to maintain such duplicative requirements and PER-004-2 may be retired with little to no effect on reliability. Specifically, PER-004-2’s requirements are duplicated in standards:

- PER-003-1, R1
- PER-005-2, R2 and R3
- IRO-002-4, R3 and R4
- EOP-004-2, R2
- IRO-008-2, R1, R2, and R4
- IRO-009-2, R1 – R4

- IRO-010-2, R1 – R3
- IRO-014-3, generally
- IRO-018-1, R1-R3

Please refer to Page 10 of this document for a detailed justification for retirement of these requirements.

2. **Clarity:** From the Background Information section of this template, has the Reliability Standard been the subject of an Interpretation, CAN or issue associated with it, or is frequently violated because of ambiguity?
- a. Does the Reliability Standard have obviously ambiguous language?
 - b. Does the Reliability Standard have language that requires performance that is not measurable?
 - c. Are the requirements consistent with the purpose of the Reliability Standard?
 - d. Should the requirements stand alone as is, or should they be consolidated with other standards?
 - e. Is the Reliability Standard complete and self-contained?
 - f. Does the Reliability Standard use consistent terminology?

Yes

No

Please summarize your assessment:

3. **Definitions:** Do any of the defined terms used within the Reliability Standard need to be refined?

Yes

No

Please explain:

4. **Compliance Elements:** Are the compliance elements associated with the requirements (Measures, Data Retention, Violation Risk Factors (VRF), Violation Severity Levels (VSL) and Time Horizons) consistent with the direction of the Reliability Assurance Initiative and FERC and NERC guidelines?

Yes

No

If you answered “No,” please identify which elements require revision, and why:

5. **Consistency with Other Reliability Standards:** Does the Reliability Standard need to be revised for formatting and language consistency among requirements within the Reliability Standard, or for coordination with other Reliability Standards?

Yes

No

If you answered “Yes,” please describe the changes needed to achieve formatting and language consistency:

6. **Changes in Technology, System Conditions, or other Factors:** Does the Reliability Standard need to be revised to account for changes in technology, system conditions or other factors?

Yes

No

If you answered “Yes,” please describe the changes and specifically what the potential impact is to reliability if the Reliability Standard is not revised:

7. **Practicable:**

- a. Can the Reliability Standard be practically implemented?

Yes

No

- b. Is there a concern that it is not cost effective as drafted?

Yes

No

Please summarize your assessment of the practicability of the standard:

8. **Consideration of Generator and Transmission Interconnection Facilities:** Is responsibility for generator interconnection Facilities and Transmission Interconnection Facilities appropriately accounted for in the Reliability Standard? **Not Applicable.**

Yes

No

Guiding Questions:

- a. If the Reliability Standard is applicable to Generator Owners and/or Generator Operators, is there any ambiguity about the inclusion of generator Interconnection Facilities? (If generation Interconnection Facilities could be perceived to be excluded, specific language referencing the Facilities should be introduced in the Reliability Standard.)
- b. If the Reliability Standard is not applicable to Generator Owners and/or Generator Operators, is there a reliability-related need for treating generator Interconnection Facilities as Transmission Lines for the purposes of this Reliability Standard? (If so, Generator Owners that own and/or Generator Operators that operate relevant generator Interconnection Facilities should be explicit in the applicability section of the Reliability Standard.)
- c. If the Reliability Standard is applicable to Transmission Operators and/or Distribution Providers, is there any ambiguity about the inclusion of Transmission Interconnection Facilities? (If Transmission Interconnection Facilities could be perceived to be excluded, specific language referencing the Facilities should be introduced in the Reliability Standard.)

9. **Results Based Standard:** Is the Reliability Standard drafted as a results-based standard?

Yes

No

If not, please summarize your assessment:

Guiding Questions:

- a. Does the Reliability Standard address performance, risk (prevention) and capability?

Yes

No

- b. Does the Reliability Standard follow the RBS format (for example, Requirement and Part structure) in Attachment 1?

Yes

No

c. Does the Reliability Standard follow the Ten Benchmarks of an Excellent Reliability Standard⁶?

Yes

No

II. Content

10. **Technical accuracy:** Is the content of the Requirements technically correct, including identifying who does what and when?

Yes

No

If not, please summarize your assessment:

11. **Functional Model:** Are the correct functional entities assigned to perform the requirements, consistent with the Functional Model?

Yes

No

If not, please summarize your assessment:

12. **Applicability:** Is there a technical justification for revising the applicability of the Reliability Standard, or specific requirements within the standard, to account for differences in reliability risk?

Yes

No

If so, please summarize your assessment:

13. **Reliability Gaps:** Are the appropriate actions for which there should be accountability included, or is there a gap?

⁶ Ten Benchmarks of an Excellent Reliability Standard, posted at Page 626 of:
http://www.nerc.com/pa/Stand/Resources/Documents/DT_Reference_Manual_Resource_Package_080114.pdf

Yes No

If a gap is identified, please explain:

14. Technical Quality: Does the Reliability Standard have a technical basis in engineering and operations?

 Yes No

If not, please summarize your assessment:

15. Does the Reliability Standard reflect a higher solution than the lowest common denominator?

 Yes No

If not, please summarize your assessment:

16. Related Regional Reliability Standards: Is there a related regional Reliability Standard, and is it appropriate to recommend the regional Reliability Standard be retired, appended into the continent-wide standard, or revised in favor of a continent-wide Standard?

 Yes No

If yes, please identify the regional standard(s) and summarize your assessment:

RED, YELLOW GREEN GRADING

Using the questions above, the Review Team shall come to a consensus on whether the Reliability Standard is Green – i.e., affirm as steady-state; Yellow – is sufficient to protect reliability and meet the reliability objective of the standard, however, there may be future opportunity to improve a non-substantive or insignificant quality and content issue – i.e., continue to monitor; or Red - either retire or needs revision, and, thus, a SAR should be developed to process the Standard through the Standards development process for retirement or revision. The reasons for the Review Team’s conclusions of Green, Yellow, or Red shall be documented. If a consensus is not reached within the Review Team, minority reviews shall be posted for stakeholder comment, along with the majority opinion on whether the Reliability Standard is Green, Yellow or Red.

Recommendation

The answers to the questions above, along with its Red, Yellow, Green grading and the recommendation of the Review Team, will be posted for a 45-day comment period, and the comments publicly posted. The Review Team will review the comments to evaluate whether to modify its initial recommendation, and will document the final recommendation which will be presented to the Standards Committee.

Preliminary Recommendation (to be completed by the Review Team after its review and prior to posting the results of the review for industry comment):

- REAFFIRM (*This should be checked only if there are no outstanding directives, interpretations or issues identified by stakeholders.*) GREEN
- REVISE (*The standard is sufficient to protect reliability and meet the reliability objective of the standard, however there may be future opportunity to improve a non-substantive or insignificant quality and content issue.*) (Would include revision of associated RSAW.) YELLOW
- REVISE (*The recommended revisions are required to support reliability.*) (Would include revision of associated RSAW.) RED
- RETIRE (Would include revision of associated RSAW.) RED

Technical Justification (*If the Review Team recommends that the Reliability Standard be revised, a draft SAR may be included and the technical justification included in the SAR*):

PER-004-2 R1 is duplicative and all requirements are covered in other reliability standards. Specifically, PER-003-1 R1 states that each Reliability Coordinator shall staff its Real-time operating positions with System Operators who have obtained and maintained a valid NERC Reliability Operator certificate. PER-005-2 R1 states that each Reliability Coordinator shall design, develop and deliver training to its System Operators based on a list of Bulk Electric System (BES) company specific Real-time reliability-related tasks. Additionally, PER-005-2 R3 states that Reliability Coordinators have to verify that their personnel are capable of performing each of those tasks.

Moreover, in PER-004-2 R1, 24 hours per day, and seven days a week requirements are addressed by several NERC Reliability Standards and Requirements. These requirements cannot be accomplished without an entity having a 24/7 operation. IRO-002-4 R4 (enforceable 4/1/2017) requires that, "Each Reliability Coordinator shall have monitoring systems that provide information utilized by the Reliability Coordinator's operating personnel..." In addition, IRO-002-4 R3 states that, "Each Reliability Coordinator shall monitor Facilities, the status of Special Protection Systems, and non-BES facilities identified as necessary by the Reliability Coordinator, within its Reliability Coordinator Area and neighboring Reliability Coordinator Areas to identify any System Operating Limit exceedances and to determine any Interconnection Reliability Operating Limit exceedances within its Reliability Coordination Area." EOP-004-2 covers continuous observation through its reporting timeframes to

meet OE-417 for Loss of Monitoring. Additional coverage is ensured through IRO 008-2 R2, “Each Reliability Coordinator shall have a coordinated Operating Plan(s) for next-day operations to address ...(SOL) and (IROL) exceedances...” and R4 states, “Each Reliability Coordinator shall ensure that a Real-time Assessment is performed at least once every 30 minutes.” Reinforcing the structure of the 24 hours per day, and seven days per week requirement is carried out by IRO-010-2 R1, requiring that Reliability Coordinator’s maintain documented specifications for the data to perform Operational Planning analyses, Real-time monitoring, and Real-time Assessments. Real-time is defined as, “Present time as opposed to future times,” while Real-time Assessment is defined as “An examination of existing and expected system conditions, conducted by collecting and reviewing immediately available data.” Using these definitions in the Reliability Standards further confirms that PER-004-2 Requirement 1 is duplicative and non-essential as its content is covered in multiple Reliability Standards.

PER-004-2 Requirement R2 is duplicated in numerous Reliability Standards justifying the need for retirement of this requirement. As described below, the Standards and requirements of IRO-002-4, IRO-008-2, IRO-009-2, IRO-010-2, IRO-014-3 and IRO-018-1 adequately ensure that protocols are in place to allow the Reliability Coordinator operating personnel to have the best available information at all times.

IRO-002-4, R3 states that the Reliability Coordinator shall monitor Facilities and work with neighboring Reliability Coordinator areas to identify SOL and IROL exceedances within its area. In order to ensure compliance with this Standard and Requirement, particular attention must be placed on SOLs, IROLs, and inter-tie facility limits.

IRO-008-2 ensures that the Reliability Coordinator performs analyses and assessments to prevent instability, uncontrolled separation, or cascading. R1, R2, and R4 of this Standard specifically require that an Operational Planning Analysis is performed to:

- assess whether the planned operations for the next-day will exceed SOLs and IROLs within its Wide Area,
- ensure that coordinated plans are developed for the next-day operations to address these exceedances, and
- execute Real-time Assessments at least once every 30 minutes.

To maintain compliance with the IRO-008-2 Standard, the Reliability Coordinator must place particular attention on SOLs and IROLs.

IRO-009-2 builds on IRO-008-2 by ensuring prompt action to prevent or mitigate instances where IROLs are exceeded. Through the Requirements of this Standard, assurances are made that the Reliability Coordinator has one or more Operating Processes, Procedures, or Plans that identify actions to take, or

actions to direct others to take, to mitigate the magnitude and duration of an IROL exceedance identified in their Assessments.

IRO-010-2 provides data specifications that affords the Reliability Coordinator the specific data necessary to perform its Operational Planning Analyses, Real-time monitoring, Real-time Assessments and ensures that a protocol exists to resolve any data conflicts. This Standard ensures that the Reliability Coordinator has the best available information at all times to maintain compliance.

IRO-014-3 ensures that each Reliability Coordinator's operations are coordinated so that they will not adversely impact other Reliability Coordinator Areas and preserve the reliability benefits of interconnected operations. This Standard again builds on the coordination of the Operational Analyses and Real-time Assessments which requires the Reliability Coordinator to have the best available information at all times to maintain compliance.

IRO-018-1 established three requirements for Real-time monitoring and analysis capabilities to support reliable operations. Real-time monitoring involves observing operating status and operating values in Real-time to ensure awareness of system conditions. Through this Standard, processes and procedures are established for evaluating the quality of Real-time data and to provide assurance that any action taken addresses any data quality issues so that Real-time monitoring and Real-time Assessments performed by the Reliability Coordinator contains the best available information at all times.

Preliminary Recommendation posted for industry comment (date): January 10, 2017

Final Recommendation (to be completed by the Review Team after it has reviewed industry comments on the preliminary recommendation):

- REAFFIRM *(This should be checked only if there are no outstanding directives, interpretations or issues identified by stakeholders.) GREEN*
- REVISE *(The standard is sufficient to protect reliability and meet the reliability objective of the standard, however there may be future opportunity to improve a non-substantive or insignificant quality and content issue.) (Would include revision of associated RSAW.) YELLOW*
- REVISE *(The recommended revisions are required to support reliability.) (Would include revision of associated RSAW.) RED*
- RETIRE *(Would include revision of associated RSAW.) RED*

Technical Justification *(If the Review Team recommends that the Reliability Standard be revised, a draft SAR must be included and the technical justification included in the SAR):*

See justification above.

Date submitted to Standards Committee: June 14, 2017

Attachment 1: Results-Based Standards

Question 9 for the Review Team asks if the Reliability Standard is results-based. The information below will be used by the Review Team in making this determination.

Transitioning the current body of standards into a clear, concise, and effective body will require a comprehensive application of the RBS concept. RBS concepts employ a defense-in-depth strategy for Reliability Standards development where each requirement has a role in preventing system failures, and the roles are complementary and reinforcing. Reliability Standards should be viewed as a portfolio of requirements designed to achieve an overall defense-in-depth strategy and comply with the quality objectives identified in the resource document titled, "[Acceptance Criteria of a Reliability Standard](#)."

Accordingly, the Review Team shall consider whether the Reliability Standard contains results-based requirements with sufficient clarity to hold entities accountable without being overly prescriptive as to how a specific reliability outcome is to be achieved. The RBS concept, properly applied, addresses the clarity and effectiveness aspects of a standard.

A Reliability Standard that adheres to the RBS format should strive to achieve a portfolio of performance-, risk-, and competency-based mandatory reliability requirements that support an effective defense-in-depth strategy. Each requirement should identify a clear and measurable expected outcome, such as: a) a stated level of reliability performance, b) a reduction in a specified reliability risk, or c) a necessary competency.

- a. **Performance-Based**—defines a particular reliability objective or outcome to be achieved. In its simplest form, a results-based requirement has four components: who, under what conditions (if any), shall perform what action, to achieve what particular result or outcome?
- b. **Risk-Based**—preventive requirements to reduce the risks of failure to acceptable tolerance levels. A risk-based reliability requirement should be framed as: who, under what conditions (if any), shall perform what action, to achieve what particular result or outcome that reduces a stated risk to the reliability of the bulk power system?
- c. **Competency-Based**—defines a minimum set of capabilities an entity needs to have to demonstrate it is able to perform its designated reliability functions. A competency-based reliability requirement should be framed as: who, under what conditions (if any), shall have what capability, to achieve what particular result or outcome to perform an action to achieve a result or outcome or to reduce a risk to the reliability of the bulk power system?

Additionally, each RBS-adherent Reliability Standard should enable or support one or more of the eight reliability principles listed below. Each Reliability Standard should also be consistent with all of the reliability principles.

1. Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
2. The frequency and voltage of interconnected bulk power systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.
3. Information necessary for the planning and operation of interconnected bulk power systems shall be made available to those entities responsible for planning and operating the systems reliably.
4. Plans for emergency operation and system restoration of interconnected bulk power systems shall be developed, coordinated, maintained, and implemented.
5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected bulk power systems.
6. Personnel responsible for planning and operating interconnected bulk power systems shall be trained, qualified, and have the responsibility and authority to implement actions.
7. The reliability of the interconnected bulk power systems shall be assessed, monitored, and maintained on a wide-area basis.
8. Bulk power systems shall be protected from malicious physical or cyber-attacks.

If the Reliability Standard does not provide for a portfolio of performance-, risk-, and competency-based requirements or consistency with NERC's reliability principles, NERC staff and the Review Team should recommend that the Reliability Standard be revised or reformatted in accordance with the RBS format.

Attachment 2: Paragraph 81 Criteria

The first question for the Review Team asks if one or more of the requirements in the Reliability Standard meet(s) criteria for retirement or modification based on Paragraph 81 concepts.⁷ Use the Paragraph 81 criteria explained below to make this determination. Document the justification for the decisions throughout and provide them in the final assessment in the Periodic Review Template.

For a Reliability Standard requirement to be proposed for retirement or modification based on Paragraph 81 concepts, it must satisfy **both**: (i) Criterion A (the overarching criterion); and (ii) at least one of the Criteria B listed below (identifying criteria). In addition, for each Reliability Standard requirement proposed for retirement or modification, the data and reference points set forth below in Criteria C should be considered for making a more informed decision.

Criterion A (Overarching Criterion)

The Reliability Standard requirement requires responsible entities (“entities”) to conduct an activity or task that does little, if anything, to benefit or protect the reliable operation of the BES.

Section 215(a) (4) of the United States Federal Power Act defines “reliable operation” as: “... operating the elements of the bulk power system within equipment and electric system thermal, voltage, and stability limits so that instability, uncontrolled separation, or cascading failures of such system will not occur as a result of a sudden disturbance, including a cybersecurity incident, or unanticipated failure of system elements.”

Criteria B (Identifying Criteria)

B1. Administrative

The Reliability Standard requirement requires responsible entities to perform a function that is administrative in nature, does not support reliability and is needlessly burdensome.

This criterion is designed to identify requirements that can be retired or modified with little effect on reliability and whose retirement or modification will result in an increase in the efficiency of the ERO compliance program. Administrative functions may include a task that is related to developing procedures or plans, such as establishing communication contacts. Thus, for certain requirements, Criterion B1 is closely related to Criteria B2, B3 and B4. Strictly administrative functions do not inherently negatively impact reliability directly and, where possible, should be eliminated or modified for purposes of efficiency and to allow the ERO and entities to appropriately allocate resources.

⁷ In most cases, satisfaction of the Paragraph 81 criteria will result in the retirement of a requirement. In some cases, however, there may be a way to modify a requirement so that it no longer satisfies Paragraph 81 criteria. Recognizing that, this document refers to both options.

B2. Data Collection/Data Retention

These are requirements that obligate responsible entities to produce and retain data which document prior events or activities, and should be collected via some other method under NERC's rules and processes.

This criterion is designed to identify requirements that can be retired or modified with little effect on reliability. The collection and/or retention of data do not necessarily have a reliability benefit and yet are often required to demonstrate compliance. Where data collection and/or data retention is unnecessary for reliability purposes, such requirements should be retired or modified in order to increase the efficiency of the ERO compliance program.

B3. Documentation

The Reliability Standard requirement requires responsible entities to develop a document (*e.g.*, plan, policy or procedure) which is not necessary to protect reliability of the bulk power system.

This criterion is designed to identify requirements that require the development of a document that is unrelated to reliability or has no performance or results-based function. In other words, the document is required, but no execution of a reliability activity or task is associated with or required by the document.

B4. Reporting

The Reliability Standard requirement obligates responsible entities to report to a Regional Entity, NERC or another party or entity. These are requirements that obligate responsible entities to report to a Regional Entity on activities which have no discernible impact on promoting the reliable operation of the BES and if the entity failed to meet this requirement there would be little reliability impact.

B5. Periodic Updates

The Reliability Standard requirement requires responsible entities to periodically update (*e.g.*, annually) documentation, such as a plan, procedure or policy without an operational benefit to reliability.

This criterion is designed to identify requirements that impose an updating requirement that is out of sync with the actual operations of the BES, unnecessary, or duplicative.

B6. Commercial or Business Practice

The Reliability Standard requirement is a commercial or business practice, or implicates commercial rather than reliability issues.

This criterion is designed to identify those requirements that require: (i) implementing a best or outdated business practice or (ii) implicating the exchange of or debate on commercially sensitive information while doing little, if anything, to promote the reliable operation of the BES.

B7. Redundant

The Reliability Standard requirement is redundant with: (i) another FERC-approved Reliability Standard requirement(s); (ii) the ERO compliance and monitoring program; or (iii) a governmental regulation (e.g., Open Access Transmission Tariff, North American Energy Standards Board (“NAESB”), etc.).

This criterion is designed to identify requirements that are redundant with other requirements and are, therefore, unnecessary. Unlike the other criteria listed in Criterion B, in the case of redundancy, the task or activity itself may contribute to a reliable BES, but it is not necessary to have two duplicative requirements on the same or similar task or activity. Such requirements can be retired or modified with little or no effect on reliability and removal will result in an increase in efficiency of the ERO compliance program.

Criteria C (Additional data and reference points)

Use the following data and reference points to assist in the determination of (and justification for) whether to proceed with retirement or modification of a Reliability Standard requirement that satisfies both Criteria A and B:

C1. Was the Reliability Standard requirement part of a FFT filing?

The application of this criterion involves determining whether the requirement was included in a FFT filing.

C2. Is the Reliability Standard requirement being reviewed in an ongoing Standards Development Project?

The application of this criterion involves determining whether the requirement proposed for retirement or modification is part of an active Standards Development Project, with consideration for the status of the project. If the requirement has been approved by Registered Ballot Body and is scheduled to be presented to the NERC Board of Trustees, in most cases it will not need to be addressed in the periodic review. The exception would be a requirement, such as the Critical Information Protection (CIP) requirements for Version 3 and 4, that is not due to be retired for an extended period of time. Also, for informational purposes, whether the requirement is included in a future or pending Standards Development Project should be identified and discussed.

C3. What is the VRF of the Reliability Standard requirement?

The application of this criterion involves identifying the VRF of the requirement proposed for retirement or modification, with particular consideration of any requirement that has been assigned as having a Medium or High VRF. Also, the fact that a requirement has a Lower VRF is not dispositive that

it qualifies for retirement or modification. In this regard, Criterion C3 is considered in light of Criterion C5 (Reliability Principles) and C6 (Defense in Depth) to ensure that no reliability gap would be created by the retirement or modification of the Lower VRF requirement. For example, no requirement, including a Lower VRF requirement, should be retired or modified if doing so would harm the effectiveness of a larger scheme of requirements that are purposely designed to protect the reliable operation of the BES.

C4. In which tier of the most recent Actively Monitored List (AML) does the Reliability Standard requirement fall?

The application of this criterion involves identifying whether the requirement proposed for retirement or modification is on the most recent AML, with particular consideration for any requirement in the first tier of the AML.

C5. Is there a possible negative impact on NERC's published and posted reliability principles?

The application of this criterion involves consideration of the eight following reliability principles published on the NERC webpage.

Reliability Principles

NERC Reliability Standards are based on certain reliability principles that define the foundation of reliability for North American bulk power systems. Each reliability standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of reliability of the North American bulk power systems. Each reliability standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

Principle 1. Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.

Principle 2. The frequency and voltage of interconnected bulk power systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.

Principle 3. Information necessary for the planning and operation of interconnected bulk power systems shall be made available to those entities responsible for planning and operating the systems reliably.

Principle 4. Plans for emergency operation and system restoration of interconnected bulk power systems shall be developed, coordinated, maintained, and implemented.

Principle 5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected bulk power systems.

Principle 6. Personnel responsible for planning and operating interconnected bulk power systems shall be trained, qualified, and have the responsibility and authority to implement actions.

Principle 7. The reliability of the interconnected bulk power systems shall be assessed, monitored, and maintained on a wide-area basis.

Principle 8. Bulk power systems shall be protected from malicious physical or cyber-attacks.
(footnote omitted)

C6. Is there any negative impact on the defense in depth protection of the BES?

The application of this criterion considers whether the requirement proposed for retirement or modification is part of a defense in depth protection strategy. In other words, the assessment is to verify whether other requirements rely on the requirement proposed for retirement or modification to protect the BES.

C7. Does the retirement or modification promote results or performance based Reliability Standards?

The application of this criterion considers whether the requirement, if retired or modified, will promote the initiative to implement results- and/or performance-based Reliability Standards.

Attachment 3: Independent Expert Evaluation Process

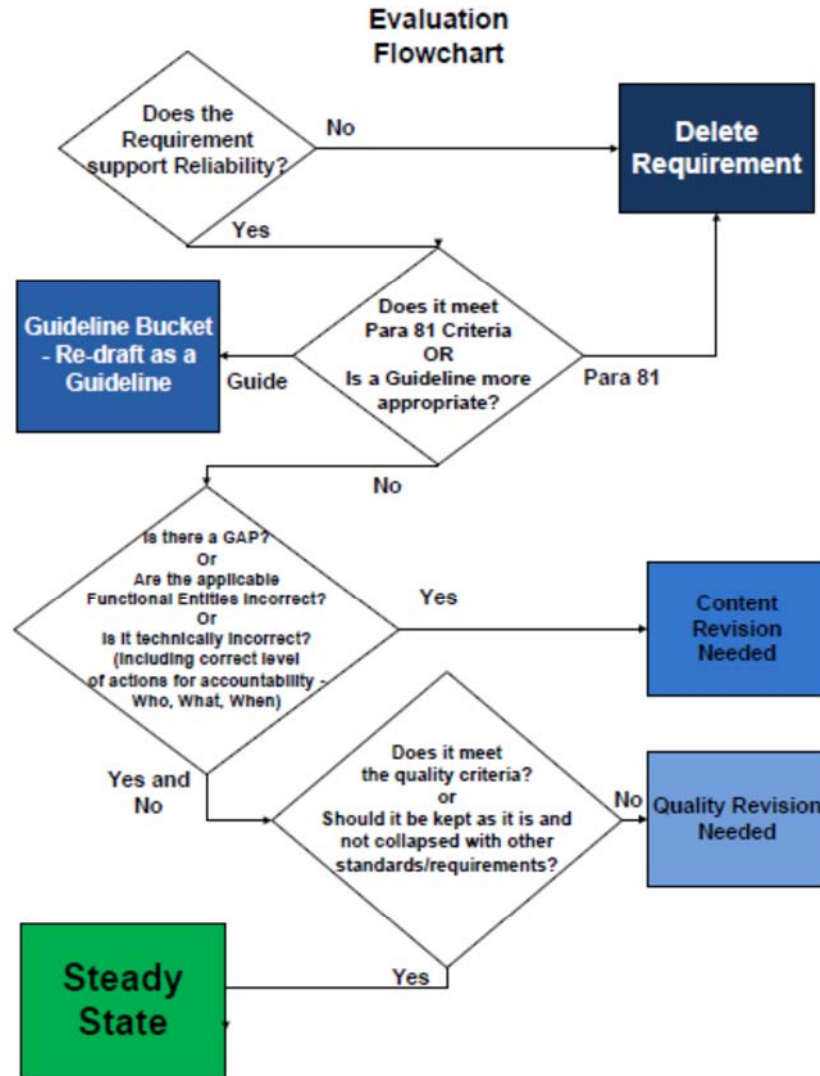


Figure 1: Evaluation Flow Chart