

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Standards Process Manual Revisions Webinar

Latrice Harkness, Director, Standards Development

Lauren Perotti, Assistant General Counsel

April 18, 2023

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Ken DeFontes, Chair, NERC Board of Trustees

- Standards Process Stakeholder Engagement Group (“SPSEG”) made process improvement recommendations in four areas:
 - Rules of Procedure
 - Standard Processes Manual
 - Standing Committees
 - Registered Ballot Body (*deferred*)
- SPSEG:
 - Leadership and representatives of (SC, MRC, RSTC, RISC, CCC)
 - NERC Trustees
 - NERC staff
- The Board directed NERC Staff to take further action to implement the recommendations at the November meeting

- Posted for comment January 18, 2023 -March 6, 2023
- Proposed Revisions:
 - Remove requirement for the American National Standards Institute (ANSI) accreditation
 - Provide Board authority to direct the development of a Reliability Standard
 - Modify section 321 to include projects to address Board directives
- NERC Staff currently reviewing comments and considering revisions to clarify, enhance process for Board directives

- First draft posted for initial formal comment period and ballot
January 18, 2023 – March 6, 2023
- First draft proposals included:
 - Revisions to reflect that NERC's process is modeled on the ANSI Essential Requirements
 - Revisions to clarify requirements for informal postings of Standard Authorization Requests
 - Revisions to implement a tiered structure for length of comment periods
 - Revisions to eliminate the requirement for a final ballot
- Initial ballot unsuccessful (37.7% approval / 83.46% quorum)

- Second draft SPM posted for an additional formal comment period and ballot through May 30, 2023
- Revised proposals address comments submitted
 - focus on targeted improvements to enhance efficiency, while preserving meaningful stakeholder engagement
- SPM revisions one part of a comprehensive effort for improving the agility of NERC's standards processes

- **Comment Theme:** Not Clear How NERC will maintain fairness and openness in standards without ANSI accreditation
- **Response:**
 - Further revisions in Section 1.4 to clarify that NERC has a statutory obligation to maintain a fair and open process for standards (FPA § 215)
 - Any changes to NERC's SPM must be approved by ballot body, NERC Board, and FERC
 - ANSI core elements incorporated in NERC's process as a way of meeting that obligation
 - e.g., notice of development, public comment periods, and balanced voting on standards
 - Recognize the historically limited role of ANSI in NERC's process given regulatory framework and need for exceptions from ANSI requirements
 - Substantive concerns about specific proposals addressed

- **Comment Theme:** The Standard Processes Manual should not require RSTC-endorsed or Board-directed Standard Authorization Requests (SARs) be posted for informal comment
- **Response:**
 - Informal posting = no requirement to provide a response to comments in writing
 - Revised proposal to clarify that the Standards Committee will determine if a SAR has had “industry vetting” and eligible for informal posting, consistent with current practice
 - Standards Committee will look at further defining what it means for a SAR to have had “industry vetting” and be eligible for informal posting
 - RSTC looking to improve transparency and awareness of its SAR-vetting process

- **Comment Themes:** The proposed tiered comment period structure may not leave enough time for developing meaningful/consensus comments; concern that industry will not have sufficient time to review complex changes
- **Response:**
 - Revisions to implement an adjusted tiered structure providing for longer minimum comment periods
 - First formal comment period: remains at 45 days
 - Second/subsequent formal comment periods: may be as few as **30 days** (up from as little as 20 for a third posting in first draft)
 - Revisions to include complexity-type factors that should be considered in selecting a shorter vs. longer comment period
 - More complex/widespread changes would have longer comment periods
 - Less complex changes may have shorter comment periods

- **Comment Theme:** Eliminating the final ballot in all cases could foreclose opportunities to improve lower-consensus standards, allow teams to avoid responding in writing to comments, or prevent the ballot body from confirming that “non-substantive changes” made after ballot approval are truly non-substantive
- **Response:**
 - More limited proposal in Draft 2 to limit to high consensus standards
 - Drafting team has *the option* to skip a final ballot, but only where:
 - Previous ballot achieved 85%+ approval
 - The drafting team has made a good faith effort at resolving objections
 - Drafting team has responded in writing to comments
 - No further changes are being made

- **Comment Theme:** Difficult to comment on conforming changes in SPM while NERC's proposed Rule 322 is still subject to revision
- **Response:**
 - Removal of references to Rules of Procedure proposals still in development (i.e. proposed Rule 322)

- **Additional changes**

- Updating flow charts
- Clarifying the role of NERC Staff in assessing the completeness of SARs
- Correcting capitalization of non-defined terms
- Clarifying that standards reaffirmed through periodic review are submitted to regulatory authorities for “appropriate action”
 - Specific action depends on the regulatory authority

- Formal comment period and additional ballot open through **May 30, 2023**
- Anyone may submit comments, only members of the ballot pool may vote
- Comments submitted through Standards Balloting System (<https://sbs.nerc.net/>)

- NERC Staff team to review comments, ballot results to determine next steps
- Regular updates to be provided at Standards Committee meetings
- Work to implement other SPSEG recommendations underway

- On March 22, the Standards Committee approved a work plan to implement the SPSEG recommendations:
 - Streamlining drafting team appointments
 - Providing guidance in the role and procedural administration of Standard Authorization Requests, including when they may be posted for informal comment
 - Committee charter enhancements
 - Recommendations for the Executive Committee to streamline meetings and consider broader use of existing SPM authorities
 - Updating drafting team reference materials as appropriate

- SCCG developing work plan to implement the SPSEG recommendations:
 - Review the Standard Authorization Request form and recommend enhancements
 - Review new standards projects to aid in effective project prioritization
 - Expand participation in the standards quality review process

- The RSTC to discuss ways to enhance its process for endorsing draft SARs and improve transparency and stakeholder awareness of the process



Questions and Answers

Sue Kelly, NERC Board of Trustees
Rob Manning, NERC Board of Trustees