

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 3, 2011

VIA ELECTRONIC FILING

Veronique Dubois
Régie de l'énergie
Tour de la Bourse
800, Place Victoria
Bureau 255
Montréal, Québec H4Z 1A2

Re: NERC Analysis of NERC Standard Process Results Fourth Quarter 2010

Dear Ms. Dubois:

The North American Electric Reliability Corporation (“NERC”) submits its Analysis of NERC Standards Process Results for the Fourth Quarter 2010 (“Ballot Results Filing”). This filing was prepared and submitted in response to the Federal Energy Regulatory Commission’s (“FERC”) January 18, 2007 Order¹ requiring NERC to closely monitor and report to FERC the voting results for NERC Reliability Standards each quarter for three years. In a subsequent order issued on September 16, 2010, FERC renewed and expanded on its directive for an additional three years.² This is the first Ballot Results Filings in compliance with FERC’s September 16, 2010 directive. NERC is submitting this filing for informational purposes only.

The Ballot Results Filing is included as **Attachment A** to this filing. The Ballot Results Filing addresses ballot results during the October 1, 2010 to December 31, 2010 time frame and includes NERC’s analysis of the voting results, including trends and patterns of stakeholder approval of NERC Reliability Standards.

Respectfully submitted,

/s/ Holly A. Hawkins
Holly A. Hawkins
*Assistant General Counsel for Standards
and Critical Infrastructure Protection for
North American Electric Reliability
Corporation*

¹ *Order on Compliance Filing*, 118 FERC ¶ 61,030 at P 18 (2007).

² *Order on the Electric Reliability Organization’s Three-Year Performance Assessment*, 132 FERC ¶ 61,217 at P 85 (September 16, 2010).

Attachment A

Analysis of NERC Standards Process Results for the Fourth Quarter 2010

The background features a large, semi-transparent image of a high-voltage electrical transmission tower on the right side. The tower is a lattice structure with multiple cross-arms. The overall color palette is light blue and white, with a dark blue curved shape in the top right corner. A thick orange horizontal bar is positioned below the NERC logo and above the main title.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Analysis of NERC Standards Process Results

Fourth Quarter 2010

A faint, light blue map of North America is visible in the lower half of the page, showing the outlines of the United States and Canada. The map is semi-transparent and serves as a background for the text.

to ensure
the reliability of the
bulk power system

January 31, 2011

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Introduction

Background: NERC's Revised Processes for Developing Standards

NERC develops reliability standards in accordance with Section 300 of its Rules of Procedure and the *NERC Standard Processes Manual*, which is Appendix 3A to the NERC Rules of Procedure.¹ The current *Standard Processes Manual* was approved by FERC in September 2010² and incorporates a number of process revisions intended to maintain the openness and inclusiveness of the standards development process, while improving efficiency and the quality of standards and interpretations.

One of the significant modifications in the new *Standard Processes Manual* is the method used to achieve consensus – through parallel comment and ballot periods, which are conducted early in the process and continue until consensus is achieved. This change appears to be increasing the quality and quantity of feedback that the standards drafting teams are receiving on proposed standards. Because drafting teams are encouraged to make significant changes to the standards between successive ballots without a pre-ballot review period, this modification gives drafting teams the flexibility to revise the standards to take account of the comments received and immediately re-ballot without the separate, successive formal comment and pre-ballot review periods that were required in the *Reliability Standards Development Procedure Version 7*.

This added efficiency means drafting teams begin ballot periods earlier in the development process. While initial ballot results may receive lower approval ratings in the initial stages, as approval increases, the successive ballot process provides a clear indication of the move toward industry consensus.

Just as in the *Reliability Standards Development Plan Version 7*, an entity or individual that desires to vote on proposed reliability standards must be a member of the registered ballot body. The registered ballot body includes all entities or individuals that qualify for one of ten stakeholder segments and have registered with NERC as potential voting participants. Each member of the registered ballot body is eligible to participate in the voting process and ballot pool for each standard action. The ten stakeholder segments are:

- § Transmission Owners
- § Regional Transmission Organizations and Independent System Operators
- § Load-Serving Entities
- § Transmission Dependent Utilities
- § Electric Generators
- § Electricity Brokers, Aggregators, and Marketers
- § Large Electricity End Users
- § Small Electricity Users

¹ NERC's Rules of Procedure are available at: <http://www.nerc.com/page.php?cid=1|8|169>.

² *Order Approving Petition and Directing Compliance Filing*, 132 FERC ¶FERC 61,200 (September 3, 2010).

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- § Federal, State, and Provincial Regulatory or other Government Entities
 - § Regional Reliability Organizations and Regional Entities

Each standard ballot action has its own ballot pool, populated by interested members of the registered ballot body, including those with specific technical expertise of the subject matter. The individuals that join a ballot pool respond to a pre-ballot e-mail announcement associated with each reliability standard ballot action. The ballot pool size varies, and is based on the standard and the topic. The ballot pool votes to approve or reject each standard action. Specifically, the ballot pool votes determine: (1) the need for and technical merits of a proposed standard action; and (2) that appropriate consideration was given to views and objections received during the development process.

The reliability standards development process may include three types of ballots: an initial ballot, a successive ballot, and a recirculation ballot. An initial ballot is conducted during the last 10 days of a 45-day comment period; successive ballots are conducted during the last 10 days of a 30-day comment period. Following an initial or successive ballot, the drafting team is obligated to respond to each stakeholder comment. The drafting team must consider the issues raised in stakeholder comments to determine whether revisions to the standard and its associated implementation plan should be made.

If the comments submitted during the initial comment period and ballot indicate a need for significant changes, then the drafting team will produce a new draft standard, even if the weighted segment approval is 66.66% or greater. When a drafting team makes significant revisions to the standard, the next ballot held is a successive ballot conducted during the last 10 days of a parallel 30-day comment period. Votes cast by the ballot pool in the initial ballot are not counted in a successive ballot. Each ballot pool member must cast a new vote.

If needed, the *Standard Processes Manual* allows for multiple, successive ballots to obtain the two-thirds majority on a proposed standard. Once the comments from a successive ballot are addressed by the drafting team without significant changes to the standard, the standard proceeds to a recirculation ballot.

A recirculation ballot does not have a comment period, and votes cast in the most recent successive ballot are carried forward. If a member of the ballot pool chooses to vote in the recirculation ballot, the vote cast by that member in the successive ballot is updated.

Approval of a standard action requires that both:

- § A quorum is established. This requirement is met when at least 75% of the members of the ballot pool for the standard action submit a response with an affirmative vote, a negative vote, or an abstention; and
- § A two-thirds majority of the weighted segment votes cast are affirmative. The number of votes cast is the sum of affirmative and negative votes, excluding abstentions and non-responses.

The following process is used to determine whether there are sufficient affirmative votes.

- § The number of affirmative votes cast in each segment is divided by the sum of affirmative and negative votes cast to determine the fractional affirmative vote for each segment.

Abstentions and non-responses are not counted for the purposes of determining the fractional affirmative vote for a segment.

- § If there are less than ten entities that vote in a segment, the vote weight of that segment is proportionally reduced. Each voter within that segment voting affirmative or negative receives a weight of 10% of the segment vote. For segments with ten or more voters, the regular voting procedures are followed.
- § The sum of the fractional affirmative votes from all segments divided by the number of segments voting³ is used to determine if a two-thirds majority affirmative vote has been achieved. (A segment is considered as “voting” if any member of the segment in the ballot pool casts either an affirmative or a negative vote.)
- § A standard is approved if the sum of fractional affirmative votes from all segments divided by the number of voting segments is equal to or greater than two thirds.

Additionally, NERC’s proposed Rule 321 that was developed to respond to FERC’s March 18, 2010 Order directing NERC to propose modifications to NERC’s Rules of Procedure was filed by NERC on December 23, 2010, and is pending approval at the Commission.⁴

This Report

There are two purposes for producing this report. First, this report and future versions will provide NERC, its Board of Trustees, committees, and industry stakeholders information to support future decisions concerning improvements to the standards development process. In addition, this report is responsive to directives from the Federal Energy Regulatory Commission (FERC) directing NERC to monitor, analyze and report on the results of its standards development processes.⁵

This report will be updated at the end of each calendar quarter, incorporating results from the most recent calendar quarter, to monitor and report progress on improvements to various aspects of the standards development process.

The report is composed of two sections.

The first section provides historical data on the results of NERC’s standards development process from 2006 through the end of 2010. This historical data will serve, in this and in future reports, as a baseline against which to compare current quarter and future data. The second section provides a summary of

³ When less than ten entities vote in a segment, the total weight for that segment is determined as one tenth per entity voting.

⁴ See *Order Directing NERC to Propose Modification of Electric Reliability Organization Rules of Procedure*, 130 FERC ¶61,203 (March 18, 2010). See also, Compliance Filing of the North American Electric Reliability Corporation in Response to March 18, 2010 Commission Order Directing Revisions to Standards Development Procedure, filed in Docket No. RR08-6-000 (December 23, 2010).

⁵ See, *Order on Compliance Filing*, 118 FERC ¶61,030 (January 18, 2007). See also, *Order on the Electric Reliability Organization’s Three-Year Performance Assessment*, 132 FERC ¶61,217 at P 85 (September 16, 2010) (“Three-Year Assessment Order”).

ballot results from the most recent quarter – in this case, the fourth quarter of 2010, with a comparison to the baseline data.

In the Three-Year Assessment Order, FERC directed NERC to analyze:

- (i) required to complete projects (excluding urgent action projects); the time
- (ii) required to complete projects initiated in response to NERC’s urgent action progress (including whether or not a permanent fix was implemented within the sunset period); and the time
- (iii) required to complete projects in response to Commission directives. The analysis should include data on the time required for each stage of the process. For example, the analysis should document the time required to move a proposed Reliability Standard from a Standards Authorization Request to the NERC Board, and then to the Commission.⁶ the time

For the purpose of developing meaningful analyses in response to these directives, projects will be grouped into the following categories:

- 1. Develop New Standards or Definitions (New) Projects to
- 2. Revise Existing Standards or Definitions (Revision) Projects to
- 3. Projects (Expedited) Expedited
- 4. Develop Interpretations of Existing Standards (Interpretation) Projects to

NERC believes that grouping projects in these categories will provide a more refined view of the standards process and will allow NERC and its stakeholders to pinpoint additional efficiencies that can be incorporated.

⁶ Three-Year Assessment Order at P 85.

(iv)

Historical View and Baseline Data

Time Required to Complete a Standards Project

Since being certified by FERC as the Electric Reliability Organization in 2006, NERC staff has, in coordination with the NERC Standards Committee, initiated 73 standards projects for the purpose of developing new reliability standards or modifying and improving existing reliability standards. Standards projects vary considerably in scope and complexity. An individual project may address a single standard or a group of several interrelated standards; it may involve drafting an entirely new standard or group of standards or relatively minor revisions to an existing standard.

The analysis performed for this report considered all standards projects initiated between 2006 and 2010 and grouped them into four broad categories intended to allow comparisons among similar projects. For each category, an average duration was calculated, as well as an average duration for each phase of development. The duration is considered to be the time that elapses from acceptance of a Standards Authorization Request (SAR) or interpretation through filing the approved standard(s) or interpretation for regulatory approval.

These averages will serve as a baseline against which to evaluate the time required to complete standards projects using the new processes in the Standard Processes Manual. For each quarter, beginning with fourth quarter 2010, the projects balloted in that quarter will be compared against the 2006-2010 baseline for comparable projects.

Types of Standards Projects

The first category of projects is **Revisions to Existing Standards**. Revisions to existing standards are a significant and ongoing part of NERC's standards development work, as NERC and industry work to address regulatory directives from FERC, modify standards to address changing technologies and operating conditions, and review standards in compliance with the five-year interval required to maintain ANSI accreditation. Between 2006 and 2010, the average time to complete revisions to existing standards was 30 months.

The second category is **New Standards**. There have been, and will continue to be, occasions where an entirely new standard or group of standards may be needed to address bulk power system reliability. The data collected from 2006 through 2010 show that these projects take longer, on average, than projects to revise existing standards. Between 2006 and 2010, the average time to complete projects to draft new standards was 42 months.

The third category, representing projects that address a reliability issue that must be addressed more quickly than the normal process would allow, is **Urgent Action/Expedited Projects**.⁷ Urgent Action or

⁷ Prior to September 2010, the NERC *Reliability Standards Development Procedure* incorporated a process used for developing a standard more quickly than the normal standard development process, which was referred to as the Urgent Action Process. FERC's approval of the *Standard Processes Manual* in September 2010 replaced the Urgent Action process with the Expedited Standards Development Process.

Expedited Projects are shortened by reducing the time for certain process steps, or by allowing steps that would normally proceed serially to be conducted in parallel. By definition, these projects are expected to have a shorter development time, on average, than most standards projects. On average, the development time for Urgent Action and Expedited Projects from 2006 through 2010 was a little more than 7 months.

The final category is **Interpretations**. Entities that must comply with a reliability standard have the right to request a formal interpretation of a requirement included in a standard. Interpretation projects generally are narrower in scope than other standards projects, but like standards, interpretations are drafted by a drafting team and posted for industry review and ballot. From 2006 to 2010, NERC received a number of requests for interpretation that were absorbed into other projects because drafting teams could not prepare the interpretations without expanding the requirements of the approved standard. For those interpretation requests that were processed, the average time to complete interpretations and file them with regulatory authorities was about 10 months.

Table 1 breaks down the total number of each of these four types of standards projects that have been completed or partially completed since NERC was certified as the ERO in 2006.

Table 1

Type of Project	Number of Projects
Revisions to Existing Standards	19
New Standards	7
Urgent Action/Expedited	4
Interpretations	43
Total Number of Projects Since Becoming ERO:	73

Phases in Standard Projects

Although NERC's standards development process has been revised, the broad steps to develop a standard have not changed. Table 2 describes five broad phases of developing a standard.

Table 2

Phases in NERC Reliability Standards Development Projects	
Phase	Description
1. SAR Development	from initial draft SAR to SC acceptance of a SAR for posting, including industry ballot of SAR if required
2. Initial Draft Development	from acceptance of SAR to posting of initial draft
3. Industry Technical Input/Consensus Building	from posting of initial draft(s) through ballot pool approval of a recirculation ballot
4. Board of Trustee (BOT) Approval	from ballot pool approval to BOT approval
5. Filing with Regulatory Authorities	from BOT approval to filing

2006-2010 Baseline Durations for Each Type of Project

To establish a baseline for each of the types of projects described above, an average duration was calculated for each phase, for each project type. Then, for each project type, the average duration of all of the phases were totaled to provide a baseline average duration for that type of project. Chart 1 shows the baseline average duration for each type of project, calculated in months.

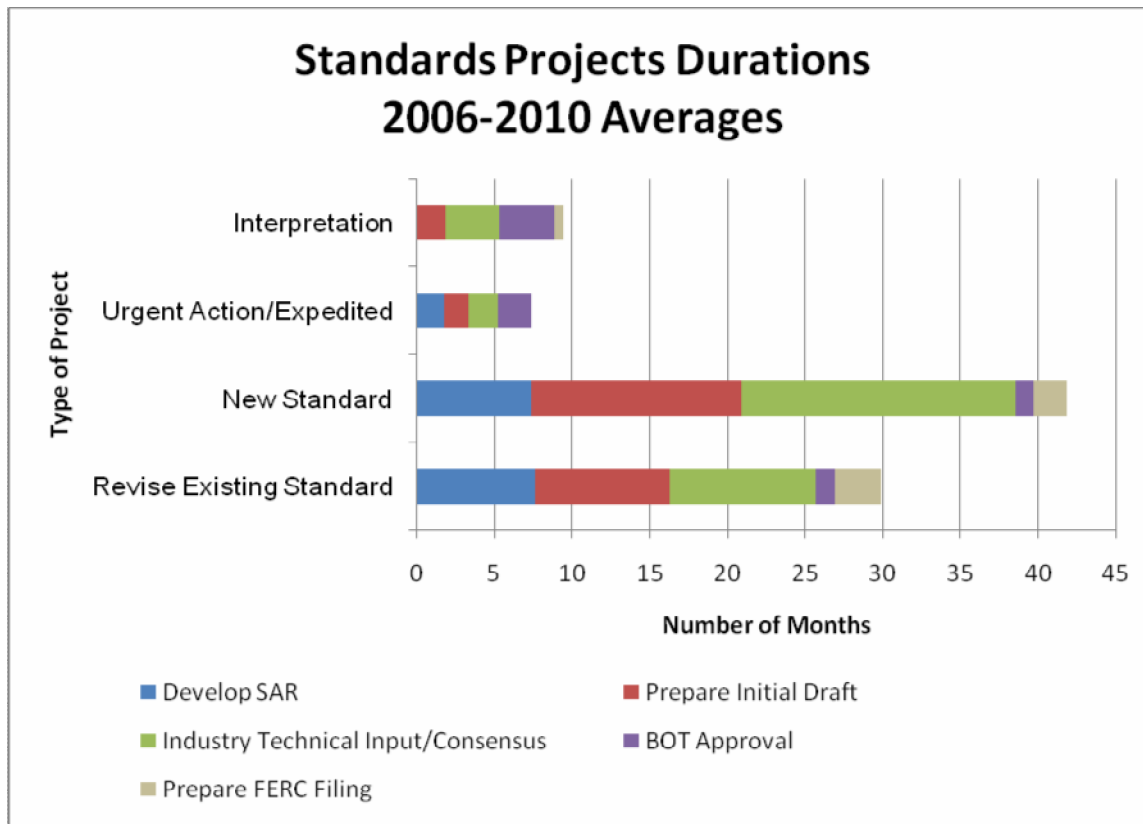


Chart 1

From 2006 to 2010, SAR development times for projects to develop new standards and projects to revise existing standards are comparable (averaging seven months for a project to develop one or more new standards and eight months for a project to revise one or more existing standards). The development of the initial draft (or drafts, in the case of projects with multiple standards) has taken, on average, 56% longer for a project to draft one or more new standards than for projects to revise existing standards (13.6 months versus 8.7 months).

One of the most important phases in the development of a reliability standard is the industry technical input phase. Technical input from the industry is received through the formal and informal posting periods. The time required for industry technical input for new standards projects from 2006 through 2010 was, on average, 17.6 months compared to 9.5 months for projects to revise existing standards.

Urgent Action and Expedited Standards

Standards developed using the Urgent Action Process (under the old *Reliability Standards Development Procedure Version 7* and the Expedited Standards Development Process (under the new *Standard Processes Manual*) are required to either be retired within a specific time period, or replaced with a standard that has been developed through the full standard development process. Since becoming the ERO in 2006, NERC has utilized this process only four times. Two projects were associated with closing a reliability gap; one project was associated with addressing a FERC directive; and one was associated with clarifying entity responsibilities.

Table 3 summarizes NERC’s use of the Urgent Action Process from 2006 to 2010. NERC did not complete balloting of any standards in the fourth quarter of 2010 that involved use of the Expedited Standards Development Process.

Table 3

Project Number & Name	Initial SAR Posting	Approved by NERC BOT
Project 2007-14 Urgent Action – Changes to CI Timing Tables	February, 2007	May 2, 2007
Project 2007-19 Urgent Action Removal of WECC Waiver from INT-001 and INT-004	June, 2007	October 9, 2007
Project – Urgent Action – Changes to BAL-004-0 for OC	August, 2007	March 26, 2008
Project 2010-15 Urgent Action – Revisions to CIP-005	August 18, 2010	Under development

Improvement in Standards Quality and Efficiency

In coordination with the NERC Standards Committee, NERC staff has implemented two initiatives to provide drafting teams with clear and consistent guidance to assist them in developing standards that conform to criteria established by FERC and NERC. These initiatives are: (1) results-based standards training for drafting teams; and (2) implementing a formal quality review process to review draft standards at various phases of their development. In 2010, ten standard drafting teams received training on developing results-based standards, and thirteen draft standards underwent a formal quality review during the development process.

Both of these initiatives are being refined as NERC and industry participants gain experience with them. As these initiatives are fully integrated into NERC’s standards development processes, NERC will monitor and assess their contributions to improving the quality and efficiency of the standards development process.

Responsiveness to FERC Directives

In the Three-Year Assessment Order, FERC directed NERC to include in these quarterly reports a separate analysis of the time required to complete projects in response to Commission directives.⁸

Since 2007, FERC has provided more than 700 directives to NERC, and NERC has addressed more than 400 of those. Approximately 315 directives are still outstanding, of which 226 have been assigned to relevant standards projects or other areas for resolution. These projects are described in NERC’s Three-

⁸ Three-Year Assessment Order at P 85.

Year Reliability Standards Development Plans which are filed annually with the Commission for informational purposes. The standards development projects are prioritized in order to allocate resources to projects with the greatest reliability benefit. FERC directives that include a specific time frame in which the directive must be met are assigned to a project with targeted completion dates so that the directive can be addressed in the applicable time-period.

Chart 2 summarizes NERC activity on directives issued by FERC to NERC from 2007 through 2010, and is based on NERC’s current understanding of past directives. NERC continues to work with FERC staff to verify and validate our understanding of directives, and remains committed to working with stakeholders to aggressively address the remaining directives, recognizing staff and budget concerns and industry resource constraints. In future versions of this report, NERC will provide more detailed analysis of the time frame in which directives are met.

NERC Responsiveness to FERC Standards Directives 2007 through 2010

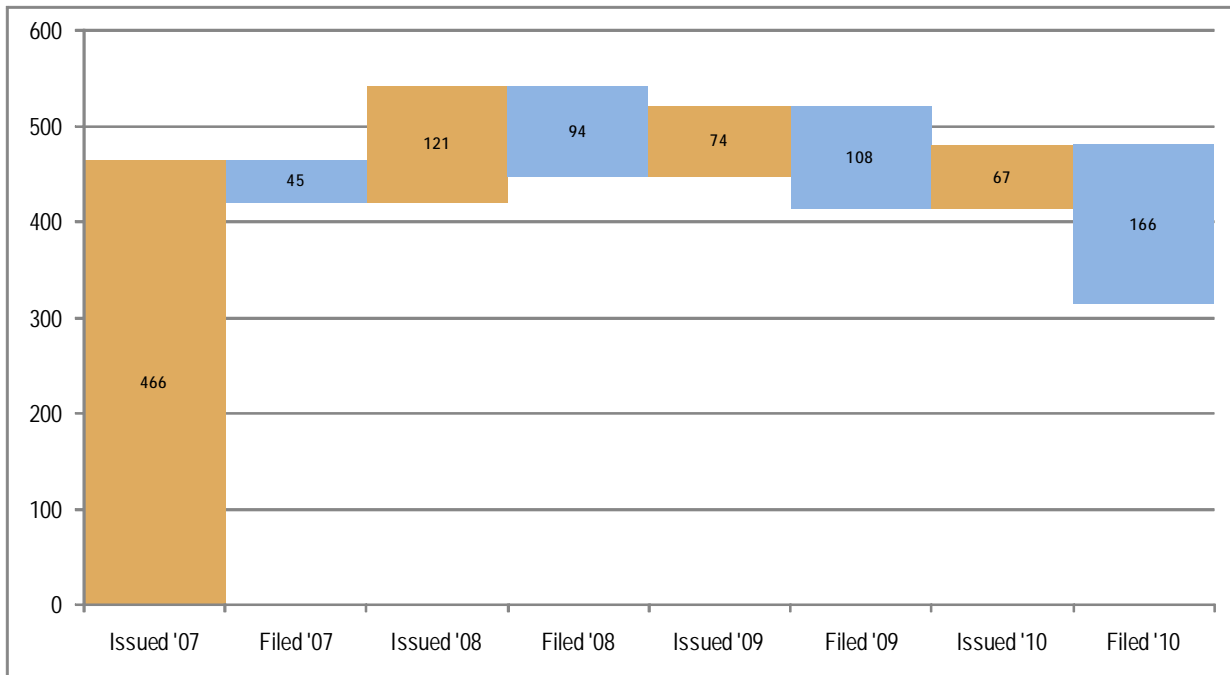


Chart 2

Summary of Q4 2010 Standards Ballot Results

From October 1, 2010 to December 31, 2010, NERC conducted ballots for 11 separate standards projects, including six projects to revise existing standards, four interpretations requests, and one Urgent Action Project. Table 4 summarizes these ballot events. A complete record for each project is available on NERC's website on the Ballot Results web page.⁹

Table 4

Project Type	Project Number & Name	Q4 Ballot Events	Status
Revision	2007-01 Underfrequency Load Shedding	Successive and Recirculation Ballot of Standards	Adopted by NERC BOT 11/2010; preparing regulatory filing
Revision	2007-04 Certifying System Operators	Recirculation Ballot	Pending adoption by NERC BOT
Revision	2007-17 Protection System Maintenance and Testing	Initial and Recirculation Ballot of Definition of Protection System	Definition approved; work on standard is ongoing
Revision	2007-17 Protection System Maintenance	Successive Ballot of Standard	Ongoing
Revision	2008-06 Cybersecurity Order 706	Initial, Successive, and Recirculation Ballots	Adopted by NERC BOT 1/2011; preparing regulatory filing
Interpretation	2008-09 Interpretation of EOP-001-0 for RECM	Recirculation Ballot	Adopted by NERC BOT 11/2010; preparing regulatory filing
Interpretation	2009-17 Interpretation of PRC-004-1 and PRC-005-1 R2 by Y-W Electric and Tri-State G & T	Recirculation Ballot	Pending adoption by NERC BOT
Interpretation	2009-27 Interpretation of TOP-002-2a R10	Recirculation Ballot	Adopted by NERC BOT 11/2010; preparing regulatory filing

⁹ The Ballot Results webpage is available at: <https://standards.nerc.net/Ballots.aspx>.

Project Type	Project Number & Name	Q4 Ballot Events	Status
Interpretation	2009-28 Interpretation of EOP-001-1 and EOP-001-2 R2.2	Recirculation Ballot	Adopted by NERC BOT 11/2010; preparing regulatory filing
Revision	2010-10 FAC Order 729	Initial Ballot of Standards	Filed for FERC approval 1/2011
Revision	2010-13 Relay Loadability Order 733	Initial Ballot of Standard	Ongoing
Expedited	2010-15 – Urgent Action Revisions to CIP-005-3	Initial Ballot of Standard	Ongoing

Revisions to Existing Standards

In the fourth quarter of 2010, NERC conducted ballot events for six projects addressing revisions to a combined total of 16 standards. Chart 3 compares development times for these projects to the 2006-2010 average for all projects to revise existing standards.

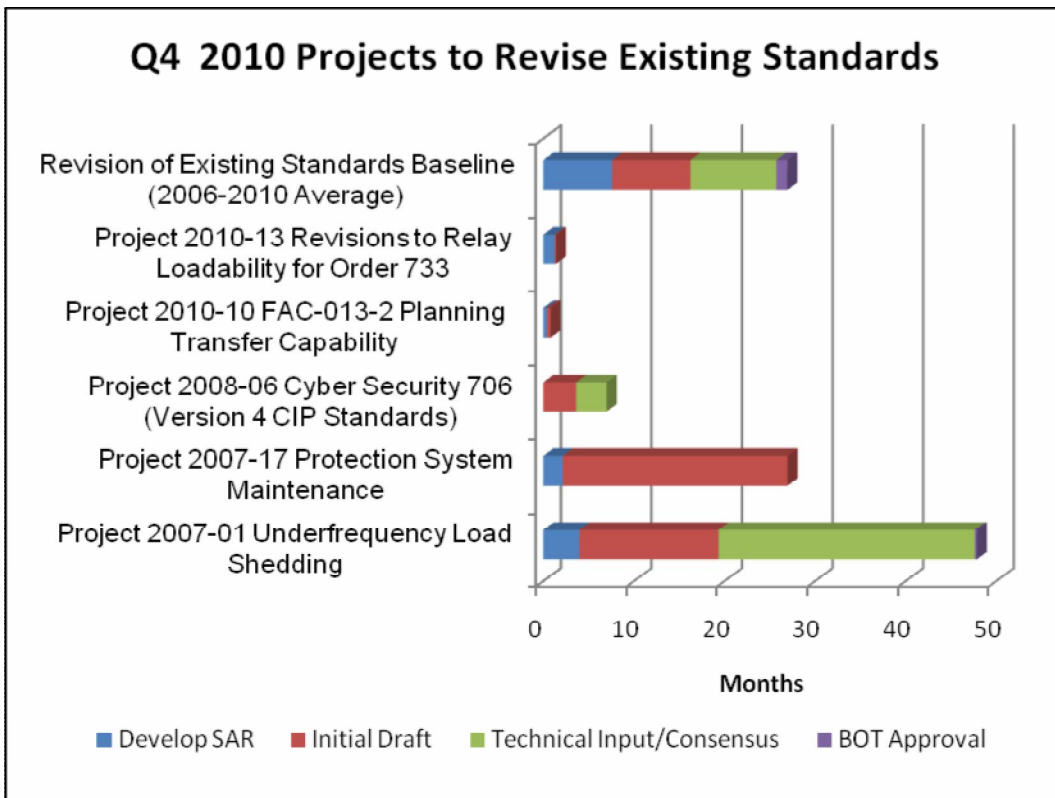


Chart 3

Three of these projects reached the final step of the ballot process and were approved by their respective ballot pools. These projects are 2007-01 Underfrequency Load Shedding; 2007-04 Certifying System Operators; and 2008-06 Cyber Security Order 706. In each case, the ballot pools for the recirculation ballots approved the ballot by a significant margin above the required two-thirds majority, with all three projects receiving between 80 and 87 percent approval of the ballot pool. Drafting teams for each of the three projects made revisions in response to comments received during the balloting process to improve the clarity of requirements, to align applicability of the standard with the NERC Functional Model, and to improve the clarity of associated implementation plans. NERC finds no evidence that the ballot process for these projects has resulted in less stringent requirements in order to reach consensus.

Ballots were conducted during the fourth quarter 2010 for three additional projects to revise existing standards.

For one of these projects, Project 2007-17 Protection System Maintenance and Testing, the drafting team determined that it was necessary to revise a definition in the NERC Glossary of Terms to address a gap in reliability. Initial and recirculation ballots of the proposed changes to the definition were conducted, resulting in ballot pool approval of the revised definition by a significant margin over the required two-thirds majority.

Two other projects, Project 2010-10 FAC Order 729 and Project 2010-13 Relay Loadability Order 733, posted second drafts of proposed standards for initial ballots with parallel comment periods. Each of these projects addresses FERC directives that NERC is required to respond to by a specific time. Both projects formed large ballot pools (323 and 325 members, respectively) and each achieved a quorum of slightly less than 90% in the initial ballots. The ballot for Project 2010-10 FAC Order 729 passed the ballot pool and was approved by the NERC Board of Trustees on January 24, 2011. The ballot for Project 2010-13 Relay Loadability Order 733 is not expected to be completed until the end of the first quarter 2011.

Interpretations

During the fourth quarter of 2010, recirculation ballots for four interpretations were conducted. All four recirculation ballots resulted in the ballot pools approving the interpretations by a wide margin, with three of the four interpretations receiving greater than 90% approval by their respective ballot pools. Three of the interpretations balloted in the fourth quarter 2010 were approved by the NERC Board of Trustees at the November 2010 meeting. NERC is preparing these interpretations for filing at FERC for approval.

Chart 4 compares the interpretations balloted during the fourth quarter of 2010 with averages from 2006-2010. On average, interpretations developed from 2006 through 2010 took just under 10 months to complete, up to and including approval by the NERC Board of Trustees. The average time to develop an initial draft interpretation was just over two months. The balloting process to approve or disapprove an interpretation took, on average, between four and five months. NERC Board of Trustees approval took, on average, three and a half months.

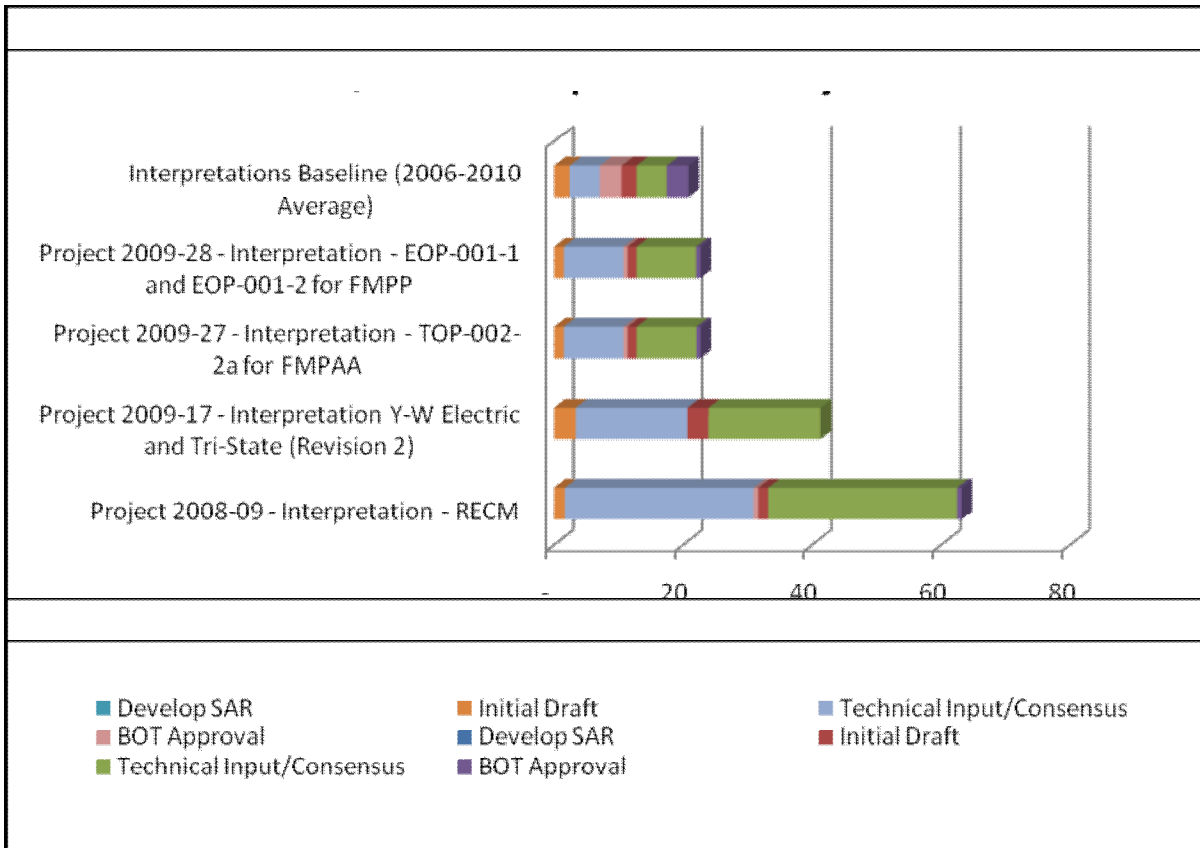


Chart 4

As Chart 4 shows, two interpretations balloted during the fourth quarter 2010 had development times consistent with the average duration for interpretation projects, while two others took significantly longer to complete. In response to concerns raised by the NERC Board of Trustees in 2009 that NERC staff and industry resources be focused on high priority standards projects, during March – October 2010 the Standards Committee placed a temporary hold on development work on pending requests for interpretation. This hold contributed to longer development times for all four interpretations.

Expedited Projects

One expedited project, Project 2010-15 Expedited Revisions to CIP-005-3, was balloted in the fourth quarter 2010. The expedited project was initiated to address an identified reliability gap concerning securing remote access to critical cyber assets.

For Project 2010-15 Expedited Revisions to CIP-005-3, comment periods and ballot windows were shortened. The ballot pool did not approve the initial draft produced by the drafting team. As with the revisions to other standards, a large ballot pool (354 members) and substantial volume of industry comments demonstrated that the balloting process is eliciting the broad technical review and input needed to develop technically sound, high quality standards.

The average duration of the three Urgent Action projects that were completed since NERC became the ERO in 2007 is just over seven months.

Conclusion

NERC's standards development process took significant steps in 2010 to improve the quality and efficiency of the NERC standards development process. While more needs to be done, NERC is committed to ensuring the value of the stakeholder input to standards development while recognizing the need for an efficient process to address directives and develop standards. FERC's support of these changes to the standards process and rules of procedure, including continued conversation on the prioritization of FERC directives related to reliability standards is welcomed.

Industry interest in the development of NERC reliability standards is increasing. In the fourth quarter of 2010 to the present, more entities are joining or have joined ballot pools and submitted technical comments on draft standards. Ballot pools existing during the fourth quarter of 2010 were consistently larger than 300 members, and in some cases, such as for Project 2008-06 CIP Standard Order 706, the ballot pool consisted of over 400 members. Additionally, ballot pool members submitted hundreds of comments to the standard drafting teams. This robust participation by industry technical experts is essential to the development of a sound framework for developing reliability standards to ensure the reliability of the bulk power system in North America.

The data in this and future reports should provide NERC and the Commission with a substantial record on which to evaluate the effectiveness of NERC's standards development process and point the way to process improvement opportunities as well.