UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

North American Electric Reliability Corporation	**)**	**RR23-4-___**
	)	

COMPLIANCE FILING OF THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION REGARDING 2023 REVISIONS TO THE NERC RULES OF PROCEDURE FOR RELIABILITY STANDARDS

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May 28, 2025

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Pursuant to the November 28, 2023 order of the Federal Energy Regulatory Commission ("FERC" or the "Commission") in the above-captioned docket,[1] the North American Electric Reliability Corporation ("NERC")[2] hereby submits an informational filing and report that discusses the effectiveness of the revised NERC Rules of Procedure regarding Reliability Standards approved by the Commission in that order.

As directed by the Commission, NERC's informational report, attached to this filing as **Attachment 1**, includes data and discussion of the effectiveness of the revised Rules of Procedure "in addressing important reliability issues in a timely manner and whether any further refinements are needed." As discussed therein, and as summarized below, the 2023 revisions to the NERC Rules of Procedure regarding Reliability Standards have had only a modest effect in increasing the speed and flexibility of the Reliability Standards process. Recognizing that the number and complexity of issues facing the grid continues to grow, the NERC Board of Trustees recently

[1] *N. Am. Elec. Reliability Corp.*, 185 FERC ¶ 61,146 (2023) [hereinafter November 2023 Order].

[2] The Commission certified NERC as the electric reliability organization ("ERO") in accordance with Section 215 of the FPA on July 20, 2006. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006), *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009).

convened a separate stakeholder task force, the Modernization of Standard Processes and Procedures (MSPP) Task Force, charged with evaluating and transforming the current standards development procedures to improve efficiency and responsiveness. To the extent that this effort leads to additional recommendations for revising NERC's Rules of Procedure to enhance NERC's standards development program, NERC would pursue Commission approval of those changes at a later time.

I. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:[3]

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II. BACKGROUND

As the Commission-certified ERO under Section 215 of the Federal Power Act,[4] one of NERC's primary responsibilities under the statute is to develop Reliability Standards that provide for an adequate level of reliability of the Bulk-Power System.[5] The statute further provides that NERC must have rules that "provide for reasonable notice and opportunity for public comment,

[3] Persons to be included on the Commission's service list are identified below by an asterisk. NERC respectfully requests a waiver of Rule 203 of the Commission's regulations, 18 C.F.R. § 385.203, to allow the inclusion of more than two persons on the service list in this proceeding.

[4] The Commission certified NERC as the electric reliability organization ("ERO") in accordance with Section 215 of the FPA. *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006).

[5] 16 U.S.C. § 824o(c)(1).

due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties."[6]

In the Commission's Order No. 672 implementing Section 215 of the Federal Power Act, the Commission held:

> Any proposed Reliability Standard development process must ensure that any Reliability Standard is technically sound and the technical specifications proposed would achieve a valuable reliability goal. The process must also: (1) be open and fair; (2) appropriately balance the interests of stakeholders; (3) include steps to evaluate the effect of the proposed Reliability Standard on competition; (4) meet the requirements of due process; and (5) not unnecessarily delay development of the proposed Reliability Standard.[7]

In September 2023, NERC submitted for Commission approval a suite of proposed revisions to the NERC Rules of Procedure regarding Reliability Standards.[8] As explained in detail in that filing, the proposed revisions were intended to provide NERC with flexibility to implement more streamlined standards development procedures in furtherance of its statutory mission to develop and enforce Reliability Standards for the reliable operation of the Bulk-Power System. The revisions are summarized below:

Section 300 of the Rules of Procedure

- correct errata in Section 309, Filing of Reliability Standards for Approval by Applicable Governmental Authorities;
- retire Section 316, which required NERC to seek and maintain accreditation by the American National Standards Institute ("ANSI") for its standard development process; and

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[6] 16 U.S.C. § 824o(c)(2)(D).

[7] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104, at P 258, *order on reh'g*, Order No. 672-A, 114 FERC ¶ 61,328 (2006).

[8] *Petition of NERC for Approval of Revisions to the NERC Rules of Procedure regarding Reliability Standards and Request for Expedited Action*, Docket No. RR23-4-000 (Sep. 15, 2023).

- revise Section 321 and implement Section 322, to provide NERC with new rules by which the NERC Board of Trustees, as the governance body of the ERO, would be able to direct the development of needed Reliability Standards on its own initiative, and ensure that NERC is able to develop responsive standards for the Commission's approval in the unlikely event NERC's usual stakeholder processes fail to do so.

Appendix 3A, Standard Processes Manual

- revise Section 1.4, Attributes of NERC's Reliability Standards Process, to clarify NERC's statutory obligation is to maintain rules that provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing Reliability Standards under Section 215 of the Federal Power Act, and that NERC has maintained certain "core attributes" of an ANSI-accredited process;

- revise Section 4.2, SAR Posting, to clarify the role of the Standards Committee in determining the posting type (i.e. formal or informal) for Standard Authorization Requests, the documents which set forth the scope and goals of a proposed standard project;

- revise Sections 4.7 thorough 4.14 regarding comment and ballot periods, to implement a tiered comment period structure allowing for shorter comment and ballot periods on subsequent postings when the scope of issues is likely to have narrowed, to allow drafting teams to conclude projects without a final ballot where there is a high degree of consensus for the Reliability Standard as written (85% approval rating or higher) and all other procedural requirements have been met; and clarify how the Standards Committee may end a project where it is clear that the drafting team cannot develop a clear, consensus standard that is within the scope of the associated Standard Authorization Request;

- clarify the role of NERC staff in Section 3.5, NERC Reliability Standards Staff; and

- clarify and make conforming revisions in Section 3.5, NERC Reliability Standards Staff; Section 4.15, Board of Trustees Adoption of Reliability Standards, Implementation Plan and VRFs and VSLs; Section 13.0, Periodic Reviews of Reliability Standards; and to figures throughout.

In November 2023, the Commission issued an order approving NERC's proposed revisions to the NERC Rules of Procedure, finding that the proposed revisions were just, reasonable, not unduly discriminatory or preferential, and in the public interest.[9] The Commission further found

[9] November 2023 Order, *supra* note 1, at P 27.

that NERC's proposed revisions were consistent with the relevant statutory and regulatory authorities, in that NERC's standard development processes would continue to be open and fair, appropriately balance the interests of stakeholders, include steps to evaluate effects on competition, meet the requirements of due process, and not unnecessarily delay development of Reliability Standards.[10]

In the November 2023 Order, the Commission stated, "We support NERC's efforts to increase the speed and flexibility of the Reliability Standards development process. At the same time, we remain concerned of the ongoing need for a timely and responsive Reliability Standards development process given the rapid pace of change in the reliability and security of the Bulk-Power System."[11] The Commission therefore directed NERC to submit an informational report that should "discuss the effectiveness of the new provisions in addressing important reliability issues in a timely manner and whether any further refinements are needed."[12] The Commission stated that NERC's informational report should include the following:

1) statistical and numerical data such as comparison of development times for Reliability Standards before and after implementation;

2) a discussion of how NERC, with the revised procedures, has been able to expedite the successful development and approval of Reliability Standards addressing priority topics such as changing resource mix, extreme weather, and cybersecurity;

3) alternatively, the cause of delays or inability to move forward with a needed Reliability Standard;

4) recommended solutions to address identified concerns with the Reliability Standards development process; and

5) a discussion of how NERC's transparency measures, with the revised procedures including the removal of the ANSI standard requirements, have been sufficient to ensure that NERC continues to meet the Commission's requirements that the standards process be open and fair, appropriately balances the interest of stakeholders, includes

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10 *Id*.

11 *Id*. at P 28.

12 *Id.*

steps to evaluate the effects of standards on competition, and meets the due process requirements.

The Commission directed NERC to submit this informational report no later than 18 months following its order.

III. REPORT ON THE EFFECTIVENESS OF THE 2023 RULES OF PROCEDURE REVISIONS REGARDING RELIABILITY STANDARDS

In accordance with the Commission's directive in paragraph 28 of the November 2023 Order, NERC has prepared an informational report that discusses the effectiveness of the 2023 Rules of Procedure revisions in addressing important reliability issues in a timely manner. This report is included as **Attachment 1** to this filing and summarized briefly below.

A. Study Method and Limitations

As stated in the report, NERC identified and then quantified the potential impacts to efficiencies of the standards development process. The analysis considered projects developed since the November 2023 Order to calculate how many "workdays" or "posting days" were saved due to the 2023 revisions to the NERC Rules of Procedure. NERC staff determined that "efficiencies" were gained when the results of this evaluation indicated the length of time to complete a project end-to-end was reduced. Other efficiency gains, such as the reduction in parallel tasks and work, were realized, but were considered separate than those changes that reduced the project development length of time.

NERC also notes that several of the 2023 revisions were not necessarily intended to reduce the time spent on projects, but rather clarify language and, in the case of the process for reaffirming standards, conform to current practice. Such revisions improve the overall clarity and efficiency of the standard development process, but do not necessarily result in faster standard development times. Similarly, other revisions to help clarify the process by which unsuccessful projects may be terminated would help improve the overall efficiency of the standards development program by

ensuring limited resources are spent on the projects for which consensus standards may be developed, but the efficiencies in terms of time saved across all projects would be difficult to estimate.

The report notes some limitations on the evaluation, including insufficient data to note trends with a high degree of confidence, as project development time has exceeded the period reviewed. The report also notes that a significant portion of the projects completed or initiated during the evaluation period used NERC's pre-existing waiver process to shorten comment or ballot periods where needed to meet regulatory deadlines; as such, the 2023 revisions to the NERC Rules of Procedure provided little or no efficiency gains for these projects that would not have otherwise been possible before the revisions.

B. Only Modest Efficiencies were Gained to the Standards Development Process from Revisions to Section 4.0 of the Standard Processes Manual Regarding Comment and Ballot Periods.

As discussed further in the report, NERC has concluded that only modest efficiency gains (in terms of time spent on each project) were realized from the 2023 revisions to Appendix 3A to the NERC Rules of Procedure, Standard Processes Manual. The key findings of the report are summarized below.

With respect to the Standard Authorization Request phase, NERC estimates that it realized only approximately 20% of the potential time savings that could have been possible by posting Standard Authorization Requests that had received some industry vetting for informal comment periods rather than formal comment periods. The main difference between the two types of postings is that a formal comment period requires the drafting team to respond in writing to each comment received, and the informal comment period does not. Due to this written response requirement, a formal comment period takes longer to complete. The 2023 revisions did not substantively change the underlying requirement that permits either formal or informal postings

for Standard Authorization Requests depending on the degree of industry vetting received; the 2023 revisions simply clarified the role of the Standards Committee in determining the posting type. In general, the Standards Committee determined to use formal commenting periods, regardless of the amount of industry vetting of the Standard Authorization Request prior to submittal.

NERC found that, after the 2023 revisions, the Standards Committee determined that more Standard Authorization Requests recommended for an informal comment period would be posted for a formal comment period than prior to the 2023 revisions. From January 2021 to November 2023, the Standards Committee determined that 18.75% of Standard Authorization Requests recommended for an informal comment period would be posted for a formal comment period; after November 2023, the Standards Committee determined that 83.3% of Standard Authorization Requests recommended for an informal comment period would be posted for a formal comment period. As a result, a potential time savings of approximately 105 working days across the affected projects was not realized.

With respect to the revisions to Sections 4.7 thorough 4.14 regarding comment and ballot periods, NERC estimated that a total of 45 days were saved across all projects due to the shortened additional comment and ballot requirements, or approximately 5.5% of all additional comment periods. Projects that benefited from these efficiencies included a project to revise Reliability Standard CIP-003 to address the risks based by various facilities that house low impact BES Cyber Systems, and a project developing a definition of Inverter-based Resource to address the Commission's Order No. 901[13] directives for standards addressing various reliability gaps related to such resources.

[13] Order No. 901, *Reliability Standards to Address Inverter-Based Resources*, 185 FERC ¶ 61,042 (2023).

NERC estimated that 10 days were saved for the CIP-003 revision project because of the rule change allowing drafting teams to skip final ballots for high consensus standards with no further revisions. This time savings represented approximately 2% of all final ballot periods during the evaluation period. To avoid confusion, NERC determined not to use this option where projects contained multiple balloted items, and only some of the balloted items were eligible to conclude the process without final ballot.

C. NERC Did Not Use the Expanded Board of Trustees Directive Authority (Rules of Procedure Section 322) During the Evaluation Period.

One of the more significant changes in the 2023 revisions to the NERC Rules of Procedure was the addition of a new process, set forth in Section 322 of the NERC Rules of Procedure, by which the NERC Board of Trustees may direct the development of a Reliability Standard where the Board finds that issuing a directive is essential to address an urgent reliability issue. Corresponding revisions to Section 321 expanded the longstanding special processes for completing the development of standards to address regulatory directives to include standards developed in response to Board of Trustees directives.

During the evaluation period, the Board of Trustees did not invoke its new authority in Section 322 of the NERC Rules of Procedure. As no Section 322 action has been conducted, there was no specific data to measure the approximate time saved on development of projects addressing urgent reliability matters using this process.

D. NERC's Process Remains Consistent with Statutory and Regulatory Requirements for Certification.

In the November 2023 Order, the Commission directed NERC to include a discussion of how NERC's transparency measures, with the revised procedures including the removal of the ANSI standard requirements, have been sufficient to ensure that NERC continues to meet the Commission's requirements that the standards process be open and fair, appropriately balances the

interest of stakeholders, includes steps to evaluate the effects of standards on competition, and meets the due process requirements.

NERC found that the removal of the requirements to maintain ANSI accreditation (former Section 316 of the NERC Rules of Procedure), and related references in Appendix 3A, Standard Processes Manual did not impact the ability of NERC's process to be open and fair, appropriately balance the interest of stakeholders, include steps to evaluate the effects of standards on competition, and meet the due process requirements. The essential principles of openness, transparency, consensus-building, fair balance of interests, due process, and timeliness in standards development remain within the process and are formally maintained in Section 304 of the Rules of Procedure. How NERC addresses these elements is set forth in NERC's Rules of Procedure.

NERC has reached this conclusion based on its experience implementing the revised provisions of Appendix 3A, Standard Processes Manual. These provisions continue to provide notice and opportunities for public comment when new projects are being initiated through the Standard Authorization Request process and throughout the standard development process when new draft standards are presented for stakeholder review and ballot. These measures are being conducted much in the same manner as before the 2023 revisions, even where the length of the additional formal comment periods has been abbreviated. NERC continues to use its email lists, public websites, Standards Committee meetings, webinars, and other forums to make interested parties aware of new and ongoing standards activities and the time allowed for comment or ballot. NERC has received no negative feedback regarding the way public notice was provided when the CIP-003 drafting team elected to conclude their project without conducting a final ballot. NERC notes that the processes for balancing the interests of stakeholders (including voting rules and ballot pool composition), evaluating the effects of standards on competition, and due process

requirements (including procedural appeals) remain generally the same as before the 2023 Rules of Procedure revisions. The discontinuance of ANSI accreditation as an ongoing NERC requirement did not impact how NERC implemented these Commission-approved processes.

NERC has not yet had the opportunity to observe the use of the new process in Section 322 of the NERC Rules of Procedure, nor the revised provisions of Section 321 related to the development of standards to address Board directives.[14] However, for the reasons originally stated in NERC's petition for approval, NERC believes the new processes account for all required elements in the special circumstances in which they would apply.

IV. NEXT STEPS

In its report, NERC found that while the 2023 revisions to the Rules of Procedure enabled incremental improvements, these improvements are not sufficient to meet the broader goals of agility and timeliness envisioned by the NERC Board of Trustees when it convened the stakeholder-led Standards Process Stakeholder Engagement Group in 2022. As risks to the Bulk Power System continue to become more technologically complex, more holistic modifications to the standards development process may be needed to ensure that NERC can continue to address urgent reliability needs with the appropriate agility.

To that end, the NERC Board of Trustees approved the formation of the Modernization of Standards Processes and Procedures (MSPP) Task Force on February 13, 2025. This task force is charged with evaluating and transforming the current standards development procedures to improve efficiency and responsiveness. The MSPP Task Force will present its recommendations to the Board of Trustees during its February 2026 meeting. To the extent the MSPP Task Force

[14] During the evaluation period, the NERC Board of Trustees twice invoked the longstanding special processes in Section 321 of the NERC Rules of Procedure to address Commission directives.

recommends further changes to the NERC Rules of Procedure, NERC will pursue those changes when ready.

V. CONCLUSION

NERC respectfully requests that the Commission accept this informational filing, including the report included in **Attachment 1**, submitted in accordance with the Commission's November 2023 Order.

Respectfully submitted,

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May 28, 2025

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Rules of Procedure Efficiency Informational Report

NERC Standards Development

May 28, 2025

RELIABILITY | RESILIENCE | SECURITY




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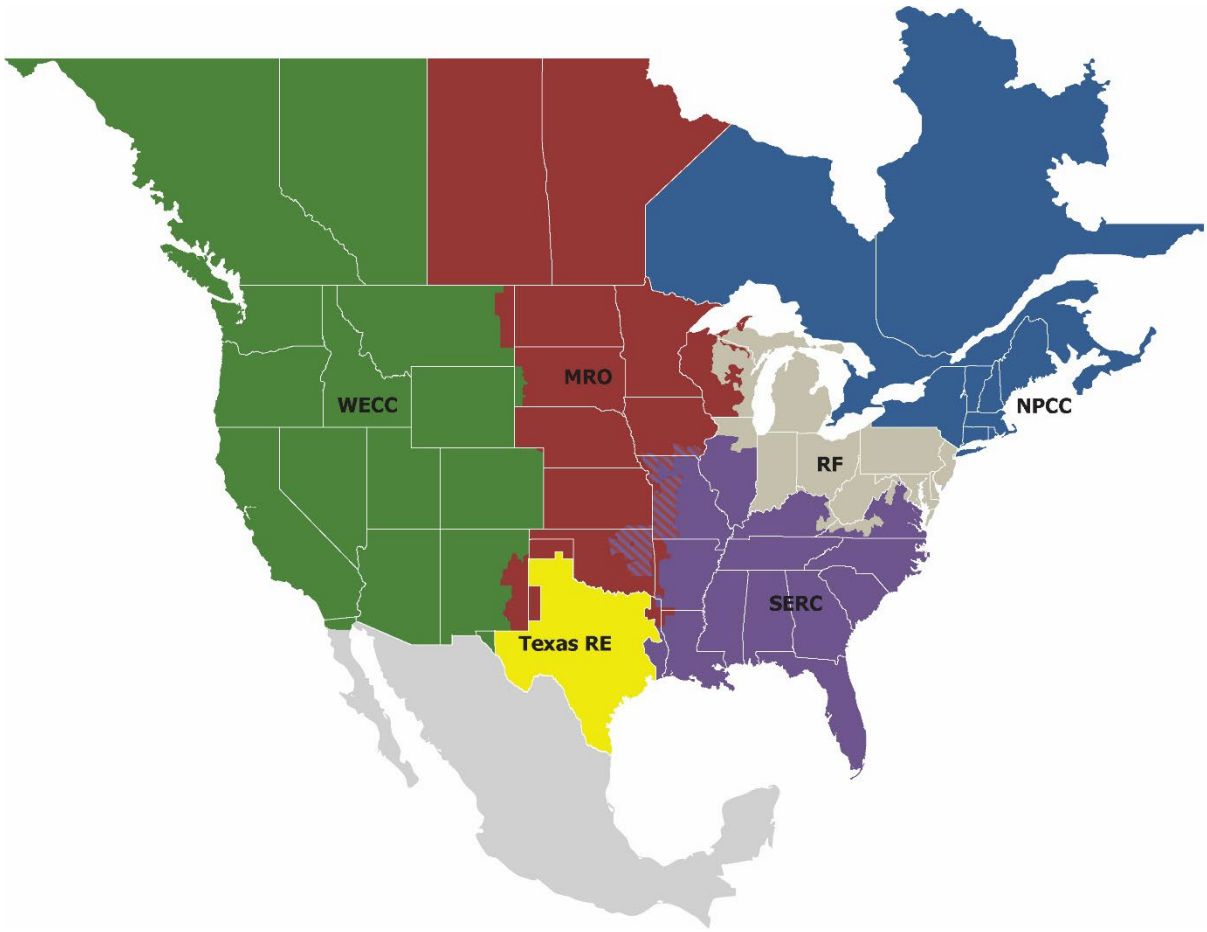
Preface

Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of NERC and the six Regional Entities, is a highly reliable, resilient, and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

Reliability | Resilience | Security
Because nearly 400 million citizens in North America are counting on us

The North American BPS is made up of six Regional Entities as shown on the map and in the corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Regional Entity while associated Transmission Owners/Operators participate in another.



MRO	Midwest Reliability Organization
NPCC	Northeast Power Coordinating Council
RF	ReliabilityFirst
SERC	SERC Reliability Corporation
Texas RE	Texas Reliability Entity
WECC	WECC

Executive Summary

This report is the result of a multi-year effort in the pursuit of a more efficient standards development process and application of resources. Beginning with recommended Board of Trustees (Board) action in February 2022, submittal of recommendations to the Board by the stakeholder-led Standards Process Stakeholder Engagement Group in November 2022, approved revisions proposed by NERC Staff and approved by the Board in September of 2023. Approval of the changes to the NERC Rules of Procedure (Sections 300 and Appendix 3A: Standards Process Manual) by Federal Energy Regulatory Commission (FERC) followed in November 2023. Within the November 2023 Order approving the changes to the NERC Rules of Procedure (ROP), FERC also directed NERC to submit an informational filing within 18 months that contained:

- statistical and numerical data such as comparison of development times for Reliability Standards before and after implementation;
- a discussion of how NERC, with the revised procedures, has been able to expedite the successful development and approval of Reliability Standards addressing priority topics such as changing resource mix, extreme weather, and cybersecurity;
- alternatively, the cause of delays or inability to move forward with a needed Reliability Standard;
- recommended solutions to address identified concerns with the Reliability Standards development process; and
- a discussion of how NERC's transparency measures, with the revised procedures including the removal of the American National Standards Institute (ANSI) standard requirements, have been sufficient to ensure that NERC continues to meet the FERC's requirements that the standards process be open and fair, appropriately balances the interest of stakeholders, includes steps to evaluate the effects of standards on competition, and meets the due process requirements.

The analysis detailed in this report responds to these directives by evaluating projects developed during 2024 to calculate how many "workdays" or "posting days" were saved due to the modifications of our rules. "Efficiencies" were assumed by NERC staff to more directly relate the results of this evaluation to the length of time to complete a project from end-to-end. Other efficiency gains, such as the reduction in parallel tasks and work, were realized, but were considered separate than those changes that reduced the project development length of time.

Key Findings

NERC staff evaluated the impact of recent modifications to the Rules of Procedure and the Standards Process Manual, as well as the limitations of current evaluation data, and found no significant reduction in the total time required to develop Reliability Standards from start to finish during the evaluation period.

Key findings from this evaluation include:

- Non-substantive time savings were observed from specific process changes; approximately 5.5% from reducing additional comment periods and 2% from shortening final ballot periods.
- For high priority projects, half of the projects sought waivers from the Standards Committee to reduce comment and ballot periods further than the modified Standards Process Manual allows for.
- While the removal of ANSI accreditation references had no substantive impact on the development process end-to-end, modest time savings were realized in re-accreditation tasks (8–10 days per five-year cycle, and 1 day annually). These tasks were parallel efforts and did not reduce overall project timelines.

Overall, while recent procedural changes enabled incremental improvements, NERC staff concluded that they are insufficient to meet the broader goals of agility and timeliness. As risks to the Bulk Power System continue to become

more technologically complex, NERC staff report recommends more holistic modifications to the Standards Development process. Performance tracking and year-over-year comparisons will continue to inform future Reliability Standards Development Plans.

At its February 13, 2025 meeting, the NERC Board approved the formation of the Modernization of Standards Processes and Procedures Task Force (MSPPTF). This task force is charged with evaluating and transforming the current standards development procedures to improve efficiency and responsiveness. The MSPPTF will present its recommendations to the Board during its February 2026 meeting. NERC staff also emphasize the need for more holistic changes to the overall process to truly transform how NERC, with industry, develops Reliability Standards and allows for an agile process that adjusts to fit the needs of each project and assures our ability to quickly target and mitigate risks.

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Introduction

Purpose

The purpose of this document is to complete an internal review and evaluation of efficiency impacts to the Standards Development process following modifications to the ROP approved in 2023.

Background

In February 2022, the Board directed NERC staff to examine the ROP regarding Reliability Standards development process and recommend changes to the ROP that would improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

NERC staff developed preliminary recommendations and convened a Standards Process Stakeholder Engagement Group (SPSEG) to provide feedback and develop consensus recommendations for improving agility of the process while maintaining the key role of stakeholders in producing consensus standards.[1] The group included representatives from the Board, NERC staff, Member Representatives Committee, Standards Committee (SC), Compliance and Certification Committee, Reliability and Security Technical Committee (RSTC) , and Reliability Issues Steering Committee with representation from U.S. and Canadian entities. The SPSEG, in response to the Board directives, developed recommendations throughout 2022. These recommendations to the Standards Development process fell into the following categories: revisions to Section 300 of the ROP, revisions to the Standard Processes Manual, recommendations for standing committees, and a review of the Registered Ballot Body criteria.

As directed by the Board at its November 2022 meeting, NERC staff initiated a project to draft recommended revisions to the Standard Processes Manual in early 2023. The initial draft of these changes was posted for formal comment and ballot between January 18, 2023 and March 6, 2023; receiving a passing vote of 37.7%. An additional draft was posted for formal comment and ballot between April 13, 2023 and May 30, 2023; receiving a passing vote of 97.49%. A final ballot was conducted between June 6, 2023 and June 15, 2023; receiving a passing vote of 96.83%. The final draft of the proposed changes was presented to the Board in August 2023 and subsequently approved. On September 15, 2023, NERC filed a petition to FERC for approval of the revisions to the ROP regarding the P.[2]

In November 2023, FERC issued an Order approving the proposed revisions to the ROP and directed NERC to submit an informational filing no later than 18 months after the date of the Order, or May 28, 2025.[3] This Order directed that the information filing should contain the following:

- statistical and numerical data such as comparison of development times for Reliability Standards before and after implementation;
- a discussion of how NERC, with the revised procedures, has been able to expedite the successful development and approval of Reliability Standards addressing priority topics such as changing resource mix, extreme weather, and cybersecurity;
- alternatively, the cause of delays or inability to move forward with a needed Reliability Standard;

[1] Standard Processes Manual Revisions to Address SPSEG Recommendations; NERC Standards Development project page

[2] Petition of the North American Electric Reliability Corporation for Approval of the Revisions to the NERC Rules of Procedure Regarding Reliability Standards and Request for Expedited Action; https://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/Petition%20for%20Approval%20of%20NERC%20ROP%20Revisions%20-%20Standards%20(2023)_packaged.pdf; September 15, 2023

[3] FERC Order Approving Revisions to the North American Electric Reliability Corporation Rules of Regarding Reliability Standards Development; Docket No. RR23-4-000; https://elibrary.ferc.gov/eLibrary/filelist?accession_num=20231128-3056; June 27, 2024

- recommended solutions to address identified concerns with the Reliability Standards development process; and
- a discussion of how NERC's transparency measures, with the revised procedures including the removal of the ANSI standard requirements, have been sufficient to ensure that NERC continues to meet the Commission's requirements that the standards process be open and fair, appropriately balances the interest of stakeholders, includes steps to evaluate the effects of standards on competition, and meets the due process requirements.

Chapter 1: Scope of Evaluation

This evaluation considered all approved modifications to Section 300 of the ROP and Appendix 3A: Standards Processes Manual. The analysis looked at projects developed during 2024 to calculate how many "workdays" or "posting days" were saved due to the modifications of our rules. Each modification lists a description of the modification and the assumed potential efficiency considered by NERC staff for this evaluation. Finally, "efficiencies" were assumed by NERC staff to more directly relate the results of this evaluation to the length of time to complete a project from end to end. Other efficiency gains, such as the reduction in parallel tasks and work, were realized, but are considered separate than those changes that reduced the project development length of time. NERC Staff notes that these efficiencies have allowed additional focus to be placed on individual projects, which narrows the quantity of information that industry would need to review at any given time. Due to how some projects are intentionally given more priority; however, the time savings for discrete standard development projects can be difficult to average.

Modifications to Section 300 Reliability Standards Development

The following modifications were made to Section 300 of the NERC Rules of Procedure.

Corrections (Section 309)

- **Description**: Revised to restore certain language that was approved by FERC in 2011 and that remains applicable but was not reflected in subsequently approved revisions to this section.
- **Assumed Potential Efficiency**: None.

ANSI References (Section 316) (Appendix 3A: Section 1.4, Section 10.0, Section 13.0, and Section 16.0)

- **Description**: Removes reference to ANSI accreditation, consistent with comments received during the development process. The essential principles of openness, transparency, consensus-building, fair balance of interests, due process, and timeliness in standards development are maintained in Section 304.
- **Assumed Potential Efficiency**: The reduction of required resources to adequately complete documentation for the formal processes conducted to assure consistency with ANSI accreditation were substantive. Approximately 8-10 working days were required for each five-year re-accreditation and approximately one day was required to conduct the annual renewal. These efforts were conducted in parallel to the development of standards in our process and by other resources at NERC supporting standards development, rather than drafting teams. As such, while the overall scope of work was reduced, these were not ultimately considered as factors reducing the length of time to complete a standards project from end to end.

Special Board Action 321 (Section 321)

- **Description**: Revisions to this section include revisions to correspond to the proposed Rule 322, to include projects to address Board directives. Other revisions include removing reference to ANSI processes (Rule 322.5.4); and restoring certain language regarding stakeholder participation that was approved by FERC in 2011 but not reflected in subsequently approved revisions to this section.
- **Assumed Potential Efficiency**: Since the modified Section 321 was approved, the Board has invoked the special processes in Section 321 twice; however, these processes were invoked for projects addressing FERC directives, a longstanding authority under Section 321, rather than Board directives which were the primary purpose for the 2023 modification. Other modifications restored language which was in the originally effective rule. These actions were taken during exigent circumstances to ensure that standards projects with deadlines set by FERC directives were able to be completed in time per those directives. While Section 321 actions have been taken twice, they were used for situations to meet timelines set by FERC directives. As

such, they were not considered as applicable to data evaluated for reducing the length of time to complete a standards project from end to end. NERC Staff expects that the modifications would expedite development of projects to address Board directives, however, it was not invoked for this purpose during the study period.

Special Board Action 322 (Section 322) (Appendix 3A: Section 4.15)

- **Description**: New process to provide the Board with the authority to direct the development of a Reliability Standard in extraordinary circumstances where the Board finds that issuing a directive is essential to address an urgent reliability issue. This process would make clear that NERC has the authority in the ROP to meet its fundamental responsibility under Section 215 of the Federal Power Act to develop, establish, and enforce Reliability Standards to ensure the reliability of the BPS. The proposed process would provide for openness, transparency, and opportunity for public comment prior to the issuance of the directive and stakeholder involvement in standards development. It is modeled on the process currently in place under Rule 321 that enables the Board to ensure that NERC complies with a regulatory standards directive. In response to comments on the first draft, proposed Rule 322 was further revised to clarify the process for issuing directives and to enhance transparency and due process. These changes include:
  - Revising the introductory text to better track the language of Section 215 of the Federal Power Act relating to NERC's responsibility as the ERO to develop standards that provide for an adequate level of reliability for the BPS.
  - Expanding the list of factors to be considered by the Board in issuing a directive to include consideration of past stakeholder-initiated efforts to address a reliability issue, as well as to clarify that the Board should consider why a specific matter cannot be adequately or timely addressed through a stakeholder-initiated project or one initiated by NERC staff.
  - Clarifying that the Board's directive shall take the form of a written determination that includes consideration of the factors identified in the notice issued preceding the directive, as well as a description of how the Board considered any advice or comments submitted by any stakeholder or regulatory authority on the proposed directive.
  - Adding a provision allowing any impacted party to request the Board reconsider or clarify its determination to issue a directive.
- **Assumed Potential Efficiency**: This special action by the Board has not yet been invoked. As no Section 322 action has been conducted, there was no specific data to measure the approximate time saved on project development.

Appendix 3A, Standard Processes Manual (version 5)

The following modifications were made to the Standard Processes Manual.

Clarify NERC's Role for Standard Authorization Requests (Section 3.5)

- **Description**: Revised, in response to comments received during the development process, to clarify NERC staff's role in ensuring complete Standard Authorization Requests (SARs).
- **Assumed Potential Efficiency**: Gains could be realized in reducing instances where a misunderstanding of roles and responsibilities could introduce unnecessary delay into initiating a project. NERC staff did not identify specific data that could be quantified to evaluate for impact in 2024.

Standard Authorization Request Postings (Section 4.2 and Figure 1)

- **Description**: Clarifications were made allowing the SC to authorize posting SARs for a 30-day informal comment period, with no requirement to provide a formal response, for SARs that are limited to addressing regulatory directives or revisions to Reliability Standards that have some vetting in industry, such as submittals by the RSTC.
- **Assumed Potential Efficiency**: Posting SARs for informal comment rather than formal comment allows a drafting team to respond to the comments with a summary response as opposed to responding to each comment individually. While there would be no change to requiring drafting teams to review and fully consider each comment, the documentation required for individual responses to each comment can require considerably more time to complete. Based on a review with NERC standards developers, this approximated to a potential difference in up to three additional weeks of time to conduct formal comment periods compared to informal.

Draft Comment Periods (Section 4.7, Section 4.12, and Figure 1)

- **Description**: Modifications were made to implement a tiered comment structure for posted standards, consistent with the comments received during the development process. Initial formal comment periods would remain at the previously universal 45 days with additional comment periods able to be reduced to as few as 30 days.
- **Assumed Potential Efficiency**: The allowance of a shortened additional comment and ballot period could save development time without having to seek a waiver. Currently, the average project takes three ballots to complete, therefore resulting in potentially 45 days of saved additional comment and ballot posting time per project.

Ending Projects (Section 4.12)

- **Description**: Modifications were made to provide clarity on the circumstances under which the SC may end an unsuccessful project.
- **Assumed Potential Efficiency**: The revisions in this section clarified how staff or the team may propose to the SC to end a project, thereby allowing for the reallocation of resources to projects that have a better chance of completing standards development successfully. This action has not been sought by the SC of NERC Staff since the revisions. A small group composed of the SC, Standards Committee Process Subcommittee and Project Management Oversight Committee members have been formed to draft more guidance on how to identify projects that would be eligible to conclude the development process.

Final Ballots (Section 4.13, Section 4.14, Figure 1, Figure 2, Figure 3, and Figure 4)

- **Description**: Modifications were made to allow a drafting team to conclude a standards action without conducting a final ballot to confirm the results of the previous successful ballot. Consistent with comments received during the development process, this option is limited to only those cases where there is a high degree of consensus for the standard as written. Specifically, the drafting team may choose to terminate a standards action without a final ballot only when: (1) the previous ballot achieved an 85% or greater approval rating; (2) the drafting team made a good faith effort at resolving objections; (3) the drafting team has responded in writing to comments; and (4) the drafting team is proposing no further changes.
- **Assumed Potential Efficiency**: The allowance of ending a project without a final ballot could result in potential saving of 10 days of final ballot posting time per project that meet the criteria.

Process for reaffirming Standards (Section 13.0)

- **Description**: Clarified to provide that reaffirmed standards that are adopted by the Board are submitted to the regulators for "appropriate action", the nature of which (e.g., a formal re approval proceeding or received for informational purposes only) is determined by the regulator. Other changes include correcting capitalization of non-defined terms and updating figures to better reflect current and proposed standards processes and other conforming changes throughout.
- **Assumed Potential Efficiency**: None, as these changes were made to conform to current practice.

Chapter 2: Methodology for Evaluation

The method used in this evaluation focused on first identifying and then quantifying potential impacts to efficiencies of the standards development process. The evaluation considered the trends of project timelines, the limited data set available since the approval and implementation of the modifications to Section 300 of the ROP and the Standard Processes Manual, as well as the high percentage of projects under development with timelines set by a FERC Order.

Measured for Impact

Leveraging the assumed potential efficiency gains outlined in the previous section, the following modifications to ROP were identified as having some potential to measurably impact process efficiency:

- **SAR Postings (Section 4.2 and Figure 1)**;
- **Draft Comment Periods (Section 4.7, Section 4.12, and Figure 1)**;
- **Ending Projects (Section 4.12)**; and
- **Final Ballots (Section 4.13, Section 4.14, Figure 1, Figure 2, Figure 3, and Figure 4)**

Limiting Factors of this Evaluation

The evaluation period included all standards developments conducted since the approval of the modifications to the ROP. The following were considered in this evaluation as known limitations for the evaluation period:

- Insufficient data points are currently available to establish trending efficiency gains with a high degree of confidence as traditionally; projects have required lengths of time greater than the evaluation period reviewed.
- Only 12 projects have been completed in full during the evaluation period. Six (6) of the 12 projects had timelines set by FERC directives and were not advanced through traditional planning and scheduling as NERC sought waivers for comment period posting requirements. These projects include:
  - 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination
  - 2023-03 Internal Network Security Monitoring
  - 2020-02 Modifications to PRC-024 (Generator Ride-through) (Order 901 Milestone 2)
  - 2021-04 Modifications to PRC-002-2 (Order 901 Milestone 2)
  - 2023-02 Analysis and Mitigation of BES Inverter-Based Resource Performance Issues (Order 901 Milestone 2)
  - 2023-07 Transmission System Planning Performance Requirements for Extreme Weather (Phase 1)
- Four (4) projects were initiated during the evaluation period. Of those projects, one (1) of four (4) projects had timelines set by FERC directives and were not advanced through traditional planning and scheduling as NERC sought waivers for comment period posting requirements.
  - 2024-03 Revisions to EOP-012-2 (included directives)
  - 2023-09 Risk Management for Third-Party Cloud Services (no directives)
  - 2024-01 Rules of Procedure Definitions Alignment (Generator Owner and Generator Operator) (no directives)
  - 2024-02 Planning Energy Assurance (no directives)

Chapter 3: Analysis of Impacts to Standards Development Process

This section/chapter provides a statistical and numerical evaluation for the length of time to complete the standards development process.

Standard Authorization Request Postings

Since the implementation of the new Standard Processes Manual, eight (8) SARs have been brought forward to the SC, six (6) of them were proposed to the SC for informal posting. 83.3%, or five (5) out of six (6), of those SARs were changed to formal comment period by the SC. Analysis of data from January 2021 until November 2023, when the new Standard Processes Manual was effective, shows 34 SARs were brought to the SC. Of those 34, 16 were proposed for informal comment and only 18.75%, or three of the 16, were changed to formal comment period by the SC. The approximate time saved as a result of modifications to the Standard Processes Manual clarifying informal SARs was determined to not be significant; one SAR was posted for informal comment equating to three working weeks saved. An additional 18 working weeks could have been saved but were not realized as six informal SAR postings were not approved by the SC for projects identified by NERC as originating from a vetted industry source.

The modifications made to the Standards Process Manual regarding SAR posting for formal or informal comment periods were clarifications only to existing expectations for these postings. While NERC Staff did not identify a specific reason for the increase in SARs posting for formal comments that were eligible to post for informal comments, it was important to identify that the clarification to the process was not effective in reducing development time.

Draft Additional Comment Periods

Three (3) additional ballots were conducted under the new Standard Processes Manual revision allowing a 30-day additional ballot posting instead of a 45-day additional ballot posting. These include:

- 2023-04 Modifications to CIP-003
  - Additional Comment and Ballot 2 for Standard and Implementation Plan
  - Additional Ballot 3 for Standard and Implementation Plan
- 2020-06 Verification of Models and Data for Generators (Inverter-Based Resources Definition)
  - Additional Ballot 2 for definitions and Implementation Plan

It is highly relevant that 18 Additional Comment and Ballot Periods were conducted with time frames reduced even further than those allowed per the modified ROP due to approved waivers of the rules by the SC. Waivers are generally sought to allow for more opportunities for industry to review and comment during the development process for those projects with deadlines set by FERC directives. These 18 Additional Comment and Ballot Periods were out of a total of 27 Additional Comment and Ballot periods conducted over the evaluation period, or 66.6%.

Ending Projects

To date, no standards development projects have ended early (i.e. prior to the development of a consensus standard). A small group of SC and subcommittee members are working on developing criteria for evaluating if a project should be ended in the development phase. This effort began March 2025, and NERC staff will continue to evaluate efficiency gains that may result from ending projects that stand a lower chance of completing successfully through the standards development process.

Final Ballots

Under the 2023 changes to Section 4.13 of the Standard Processes Manual, a drafting team may conclude the standards action without conducting a final ballot only if the following conditions are met:

- The previous ballot achieved at least 85% weighted segment approval;
- The drafting team has made a good faith effort at resolving applicable objections;
- The drafting team has responded in writing to comments as required by Section 4.12; and
- The drafting team is proposing no further changes to the balloted documents.

This new provision has been used once since the modifications to the Rules of Procedure for Project 2023-04 Modifications to CIP-003. This project received 93.89% approval on draft Reliability Standard CIP-003-11 and 93.44% on the Implementation Plan. This ballot occurred from September to October 2024. The final version of documents was posted on the project page for transparency and communication was sent to industry explaining the choice to skip final ballot in November 2023.

Four (4) other projects that were completed after the new provision was effective had elements of the project eligible to skip final ballot. These projects included:

- 2016-02 Modifications to CIP Standards
- 2020-06 Verification of Models and Data for Generators (Inverter-Based Resources Definition)
- 2022-01 Reporting ACE Definition and Associated Terms
- 2022-03 Energy Assurance for Energy Constrained Resources

These projects included multiple standards or definitions and only a portion of those standards or definitions qualified to skip final ballot under Section 4.13. Due to the need for some standards or definitions to pursue and complete final ballot, standards staff decided to take all standards and definitions developed in these projects through final ballot to avoid confusion to industry.

Approximated Time Saved

During the evaluation period:

- 308 days were conducted for SAR postings.
- 1263 days were conducted for Comment Periods (initial and additional).
- 489 days were conducted for Final Ballots.

Of the data evaluated:

- Three working weeks (21 days) were confirmed to have been saved due to modifications of the SAR response requirements of the Standard Processes Manual. 15 additional working weeks (or 105 days) could have been saved due to these modifications but were not realized as informal SAR postings were not approved by the SC for projects identified by NERC as originating from a vetted industry source (e.g. the RSTC).
- 45 days were confirmed to have been saved due to modifications of the Additional Comment and Ballott Period requirements of the Standard Processes Manual.
  - Time saved due to these changes equates to 45 out of 819 total days, or approximately 5.5% of all additional comment posting periods.
- 10 days were confirmed to have been saved due to modifications of the Final Ballot requirements of the Standard Processes Manual.

- Time saved due to these changes equates to 10 out of 489 total days, or approximately 2% of all final ballot periods.

Chapter 4: Standards Prioritization Evaluation

Since 2023, and prior to the approved modifications to the ROP, Standards Development implemented a process for prioritizing project development through coordination with other internal departments and the SC. To assure a risk-based approach as well as a timely response to development, NERC Staff consider various factors when assessing an initial priority for a project which impacts the assignment of resources and pursuit of additional mechanisms, such as technical workshops. Such factors for consideration include but are not limited to high residual risk to the BPS, newly identified or growing risk, effectiveness/efficiency enhancements from CMEP feedback, etc.

It should be noted that other committees and groups use similar terminology for "high priority" and that Standards Development considers resource management within this evaluation to limit the number of projects that fall under this category to a range consistent with NERC and industry's capability to meaningfully advance at an expedited pace. As such, work identified as a "high priority" for a technical committee may not meet the criteria for a "high priority" or "medium priority" project within Standards Development.

High Priority with FERC Directives

The following projects were considered to be high priority over the evaluation period and had deadlines set by FERC:

- 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination
- 2023-03 Internal Network Security Monitoring
- 2020-02 Modifications to PRC-024 (Generator Ride-through) (Order 901 Milestone 2)
- 2021-04 Modifications to PRC-002-2 (Order 901 Milestone 2)
- 2023-02 Analysis and Mitigation of BES Inverter-Based Resource Performance Issues (Order 901 Milestone 2)
- 2023-07 Transmission System Planning Performance Requirements for Extreme Weather (Phase 1)
- 2024-03 Revisions to EOP-012-2 012-2

Each of these projects sought waivers of the ROP to shorten comment periods beyond that provided under the approved modifications to the rules. As such, NERC staff did not attribute any additional time as saved for these projects.

High Priority without FERC Directives

The following projects were considered to be high priority over the evaluation period, but did not have a FERC deadline, and therefore did not have any waivers to shorten comment or ballot periods approved under the Standard Processes Manual.

- 2024-01 Rules of Procedure Definitions Alignment (Generator Owner and Generator Operator)
- 2022-01 Reporting ACE definition and Associated Terms
- 2016-02 Modifications to CIP Standards
- 2020-06 Verification of Models and Data for Generators (IBR definition)
- 2023-04 Modifications to CIP-003
- 2021-03 CIP-002 (Phase 1)
- 2022-03 Energy Assurance with Energy Constrained Resources

The following number of days were saved from Standard Processes Manual changes:

- 45 days were saved through the reduction of days required for Additional Comment and Ballot postings.
- 10 days were saved by skipping final ballot as one project (Project 2023-04 Modifications to CIP-003) did receive greater than 85% on an additional ballot.

Standards Process Transparency Evaluation

While these changes to the ROP removed reference to ANSI accreditation, the essential principles of openness, transparency, consensus-building, fair balance of interests, due process, and timeliness in standards development remain within the process and are formally maintained in Section 304 of the ROP. NERC found that the removal of the requirements to maintain ANSI accreditation (former Section 316 of the NERC Rules of Procedure), and related references in Appendix 3A, Standard Processes Manual did not impact the ability of NERC's process to be open and fair, appropriately balance the interest of stakeholders, include steps to evaluate the effects of standards on competition, and meet the due process requirements. The essential principles of openness, transparency, consensus-building, fair balance of interests, due process, and timeliness in standards development remain within the process and are formally maintained in Section 304 of the Rules of Procedure. How NERC addresses these elements is set forth in NERC's Rules of Procedure. No observed instances were identified during the evaluation period where the Standards Development process deviated from these essential principles.

NERC continues to implement the revised provisions of the Standards Process Manual which provide reasonable notice and opportunity for public comment when new drafts Reliability Standards are publicly announced and posted for review, comment, and ballot. Additional practices include making all the public Drafting Team meeting minutes available and routinely hosting public webinars for new drafts to explain changes with the Drafting Teams and answer questions from the general public. These webinars, and any associated technical workshop, are recorded and publicly posted under each project during its development. NERC notes that the processes for balancing the interests of stakeholders (including voting rules and ballot pool composition), evaluating the effects of standards on competition, and due process requirements (including procedural appeals) remain generally the same as before the 2023 Rules of Procedure revisions. Following the discontinuance of ANSI accreditation as an ongoing requirement, NERC continues to meet the statutory and FERC requirements that the standards process be open and fair, appropriately balance the interest of stakeholders, include steps to evaluate the effects of standards on competition, and meet due process requirements.

Chapter 5: Conclusion

In consideration of the modifications to the NERC Rules of Procedure (Section 300 and Appendix 3A: Standards Process Manual) in addition to the known limitations with the evaluation period data, NERC staff did not identify significant efficiency to reduce the length of time to develop Reliability Standards projects from end-to-end during the study period (2024 – present).

The approximate percentages of time saved for specific modifications of the Standard Processes Manual are determined to not be significant; 5.5% of time for additional comment periods, and 2% of time for final ballots.

Regarding standards projects identified as "high priority", only 50% of projects were developed without NERC staff seeking waivers from the Standard Processes Manual to further reduce posting times to ensure an acceptable quantity of draft postings and associated comment periods could be conducted within timelines that were set by FERC directives.

Regarding the modifications in Section 300 and the Standard Processes Manual to remove reference to ANSI, NERC staff identified no substantive impact to the standards development process (beyond the procedural changes made possible by discontinuing ANSI accreditation), and that this process continues to be open and fair, appropriately balances the interest of stakeholders, includes steps to evaluate the effects of standards on competition, and meets due process requirements. Approximately 8-10 days have been saved for conducting each five-year re-accreditation and approximately one day was saved for conducting each annual renewal. As these efforts were conducted in parallel to the development of standards in our process and by other resources supporting standards development at NERC, rather than drafting teams. As such, these were not ultimately considered as factors reducing the length of time to complete a standards project from end-to-end.

Given the pace of change and the growing speed and complexity of challenges facing the reliability of the BPS, it is the conclusion of NERC staff that further, and more holistic, changes to the standards development process are needed to achieve the intended effectiveness and efficiency gains sought by the Board, NERC staff, and industry in 2022-2023.

NERC staff will continue to evaluate the length of time to complete projects, including leveraging year-to-year comparisons of project completion time. Such performance data will be considered for future Reliability Standards Development Plans.[4]

Recommendations

At the February 13, 2025 Board meeting, the Modernization of Standards Processes and Procedures Task Force (MSPPTF) was approved by the Board. The MSPPTF will focus on transforming and strengthening the current set of procedures and process governing the Standard Development process. The MSPPTF will report back to the Board in 12 months, or February 2026, with recommendations for modifications to the existing process. NERC standards development staff anticipates the recommendations will include further revisions to the Standard Processes Manual or to the ROP to include impactful efficiencies to the development process.

[4] Reliability Standards Development Plan