

March 18, 2022

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, D.C. 20426

Re: *North American Electric Reliability Corporation*  
Docket No. RR21-8-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides amended petition for approval of revisions to the NERC Rules of Procedure regarding Reliability Standards, first filed in the above-captioned docket on August 18, 2021.<sup>1</sup> On February 24, 2022, the Office of Energy Market Regulation issued a letter seeking additional information regarding NERC's proposed revisions to Section 305.3.3 of the NERC Rules of Procedure.<sup>2</sup>

Section 305 of the NERC Rules of Procedure sets forth the rules pertaining to the composition of, and eligibility to participate in, the Registered Ballot Body. Among other changes, NERC proposes to revise Section 305.3.3, Review of Segment Criteria, to provide that the qualification guidelines and rules for joining Registered Ballot Body Segments shall be reviewed periodically, instead of every three years, to ensure that the process continues to be fair, open, balanced, and inclusive.

NERC appreciates the opportunity to provide additional information in support of the proposed revision to Section 305.3.3 of the NERC Rules of Procedure. Please refer to pages 5-9 of the amended filing for additional information addressing the areas identified in the February 24, 2022 letter.

Sincerely,

Lauren A. Perotti  
Senior Counsel

cc: Ms. Amanda Bradshaw, [Amanda.bradshaw@ferc.gov](mailto:Amanda.bradshaw@ferc.gov)

<sup>1</sup> *Petition of NERC for Approval of Revisions to the NERC Rules of Procedure Regarding Reliability Standards*, Docket No. RR21-8-000 (Aug. 18, 2021).

<sup>2</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RR21-8-000 (Feb. 24, 2022).

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**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**North American Electric Reliability )  
Corporation )**

**Docket No. RR21-8-000**

**AMENDED PETITION OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
FOR APPROVAL OF REVISIONS TO THE NERC RULES OF PROCEDURE  
REGARDING RELIABILITY STANDARDS**

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March 18, 2022

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**Attachments - Proposed Revisions to the NERC Rules of Procedure**

**Attachment 1** Section 300, Reliability Standards Development

**Attachment 1-A** Clean

**Attachment 1-B** Redline to Last Approved

**Attachment 2** Appendix 3B, Procedure for Election of Members of the Standards Committee

**Attachment 2-A** Clean

**Attachment 2-B** Redline to Last Approved

**Attachment 3** Appendix 3D, Development of the Registered Ballot Body

**Attachment 3-A** Clean

**Attachment 3-B** Redline to Last Approved

**UNITED STATES OF AMERICA  
BEFORE THE  
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**AMENDED PETITION OF THE  
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION  
FOR APPROVAL OF REVISIONS TO THE NERC RULES OF PROCEDURE  
REGARDING RELIABILITY STANDARDS**

Pursuant to Section 215(f) of the Federal Power Act (“FPA”)<sup>1</sup> and Section 39.10<sup>2</sup> of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), the North American Electric Reliability Corporation (“NERC”)<sup>3</sup> hereby submits for Commission approval proposed revisions to the NERC Rules of Procedure (“ROP”) regarding Reliability Standards; specifically, Section 300, Reliability Standards Development; Appendix 3B, Procedure for Election of Members of the Standards Committee, and Appendix 3D, Development of the Registered Ballot Body.

As discussed herein, the proposed revisions consist of updates to staff titles, processes, and other language, clarifications to roles and responsibilities with regard to Reliability Standards, and removing unnecessary or duplicative obligations.

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<sup>1</sup> 16 U.S.C. § 824o.

<sup>2</sup> 18 C.F.R. § 39.10 (2021).

<sup>3</sup> 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) [hereinafter ERO Certification Order].

This amended petition supersedes the original petition, filed in the above-captioned docket on August 18, 2021. In this amended petition, NERC provides additional information regarding proposed changes to Section 305.3.3 of the NERC Rules of Procedure.

NERC requests that the Commission approve the proposed revisions, as shown in Attachments 1-3, as just, reasonable, not unduly discriminatory, and in the public interest.

## **I. NOTICES AND COMMUNICATIONS**

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

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## **II. BACKGROUND**

### **A. Regulatory Framework**

Section 215(f) of the FPA provides the regulatory framework for revisions to the NERC ROP, stating that “[t]he [ERO] shall file with the Commission for approval any proposed rule or proposed rule change, accompanied by an explanation of its basis and purpose.”<sup>4</sup> Section 215(f) also provides that the proposed rule or rule change “shall take effect upon a finding by the Commission, after notice and opportunity for comment, that the change is just, reasonable, and not unduly discriminatory or preferential, is in the public interest, and satisfies the requirements of subsection (c) [of § 215].”<sup>5</sup> The Commission’s regulations require that the filing include “a

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<sup>4</sup> 16 U.S.C. § 824o(f).

<sup>5</sup> *Id.*

description of the proceedings conducted by the [ERO]... to develop the proposal.”<sup>6</sup> The NERC ROP are ERO rules as defined in Section 39.1 of the Commission’s regulations.<sup>7</sup>

## **B. The NERC Rules of Procedure Regarding Reliability Standards Development**

Collectively, NERC’s Rules of Procedure are designed to provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing proposed Reliability Standards, consistent with Section 215 of the Federal Power Act.<sup>8</sup> Section 300 of the NERC ROP establishes the general framework for Reliability Standards, including the obligation of NERC to develop Reliability Standards and for those Reliability Standards to meet certain essential attributes and be developed according to certain essential principles. This section also includes, among other things, provisions relating to the Registered Ballot Body (“RBB”) that votes on Reliability Standards, regional Reliability Standards development, and NERC’s obligations with regard to the applicable governmental authorities that approve Reliability Standards. NERC last revised this section of the Rules of Procedure in 2015, to be effective April 1, 2016.<sup>9</sup>

Additional support and detail for Reliability Standards development is contained in three appendices to the NERC Rules of Procedure:

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<sup>6</sup> 18 C.F.R. § 39.10.

<sup>7</sup> *Id.* § 39.1.

<sup>8</sup> 16 U.S.C. § 824o(c)(2)(d) (providing that the ERO must have established rules that “provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties”). See also *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 PP 258 (2006), *order on reh’g*, Order No. 672-A, 114 FERC 61,328 (2006). (“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.”).

<sup>9</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RR16-2-000 (Jan. 21, 2016) (delegated letter order) (approving, among other revisions, revisions to Section 317 of the NERC Rules of Procedure).

- Appendix 3A: Standard Processes Manual (effective March 1, 2019),<sup>10</sup> which contains the processes for developing Reliability Standards, consistent with the essential principles of openness, transparency, consensus-building, balance of interests, due process, and timeliness;
- Appendix 3B: Procedure for Election of Members of the Standards Committee (effective Oct. 4, 2013),<sup>11</sup> which contains the procedure for electing members to the NERC Standards Committee, the committee charged under NERC’s rules with oversight of NERC’s processes for developing Reliability Standards; and
- Appendix 3D, Registered Ballot Body Criteria (effective March 9, 2018)<sup>12</sup>; which sets forth the criteria for each of the ten segments that votes on NERC Reliability Standards and establishes registration procedures and segment qualification guidelines.

In this filing, NERC proposes revisions to Section 300, Appendix 3B, and Appendix 3D, as discussed in further detail below.

### **C. Development and Approval of the Proposed Revisions**

NERC posted the proposed revisions to Section 300, Appendix 3B, and Appendix 3D for a 45-day public comment period from May 14, 2021 to June 28, 2021. NERC received seven sets of responses, including five sets of comments. Several commenters suggested additional, minor changes for clarity and consistency. Two commenters suggested additional changes regarding Segment 10 in Appendix 3D, which were beyond the scope of this revision effort. One commenter, a registered entity, suggested retaining the requirement to notify all applicable governmental authorities when one directs a new standard. In response to the comments, NERC staff made several additional clarifying revisions. The NERC Board of Trustees approved the proposed revisions on August 12, 2021.

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<sup>10</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RR19-2-000 (Mar. 1, 2019) (delegated letter order).

<sup>11</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RR13-11-000 (Oct. 4, 2013) (delegated letter order).

<sup>12</sup> *N. Am. Elec. Reliability Corp.*, Docket No. RR18-1-000 (Mar. 9, 2018) (delegated letter order).



### **III. PROPOSED REVISIONS TO THE NERC RULES OF PROCEDURE REGARDING RELIABILITY STANDARDS**

NERC proposes a series of revisions to the standards-related provisions of its Rules of Procedure, including revisions to Section 300, Reliability Standards Development; Appendix 3B, Procedure for Election of Members of the Standards Committee; and Appendix 3D, Development of the Registered Ballot Body. The revisions consist of updating language, staff titles, and processes; removing unnecessary or duplicative obligations; and clarifying roles and responsibilities. This section includes a section-by-section summary of the proposed revisions.

#### **A. Section 300, Reliability Standards Development**

This section summarizes the proposed revisions to Section 300, Reliability Standards Development. The proposed revisions are shown in redline in Attachment 1-B.

##### **1. Section 302**

In Section 302, NERC proposes to remove the list of specific functional classes to which Reliability Standards may apply. The list presently in this section is out of date. Other sections of the Rules of Procedure specify which entities are registered with NERC for Reliability Standards compliance purposes.

##### **2. Section 305**

In Section 305, NERC proposes to clarify the obligation of entities to withdraw additional members of the RBB when a change in corporate structure (such as a merger or acquisition) results in the entity or affiliated entities having more than one representative in a particular segment.

In Section 305, NERC also proposes to revise language regarding changing segments (Section 305.3.2) and review of segment criteria (Section 305.3.3) for consistency with similar provisions in Appendix 3D.

In Section 305.3.3 in particular, NERC proposes to adopt the more flexible of the two

provisions in the present NERC Rules of Procedure regarding the timing of RBB segment criteria reviews, by revising the periodicity in Section 305.3.3 from “every three years” to “periodically”. A more flexible rule for RBB review is appropriate, in light of the stable nature of the RBB and its ongoing application in standards voting, and would promote the most efficient use of NERC and stakeholder resources.

The NERC RBB presently consists of ten interest categories representing the various groups that have an interest in the reliability of the modern Bulk-Power System (“BPS”), including the entities involved in owning, operating, maintaining, delivering, using, and overseeing the processes associated with BPS reliability. The RBB was intended to provide balance in voting on Reliability Standards, in satisfaction of both the statutory and regulatory requirements for ERO certification,<sup>13</sup> as well as the essential attributes for American National Standards Institute (“ANSI”)-accredited standards developers, of which NERC is one.<sup>14</sup> The general RBB segment framework has changed very little since NERC’s initial certification as the ERO in 2006.<sup>15</sup> Indeed, the current segment categories and criteria are very similar to those in NERC’s initial application for ANSI accreditation in 2002.<sup>16</sup> Over the years, changes to the RBB have consisted of changes made in connection with NERC’s initial certification, including creating separate Regional Entity and Regional Transmission Organization segments at the Commission’s direction,<sup>17</sup> making

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<sup>13</sup> See 16 U.S.C. § 824o; see also 18 C.F.R. § 39.3(b)(2)(iv).

<sup>14</sup> See American National Standards Institute, *Essential Requirements: Due Process Requirements for American National Standards* (Jan. 2022) at Sections 1.3 and 2.3, available at [https://share.ansi.org/Shared%20Documents/About%20ANSI/Current\\_Versions\\_Proc\\_Docs\\_for\\_Website/ER\\_Pro\\_current.pdf](https://share.ansi.org/Shared%20Documents/About%20ANSI/Current_Versions_Proc_Docs_for_Website/ER_Pro_current.pdf).

<sup>15</sup> ERO Certification Order, *supra*.

<sup>16</sup> See NERC, Initial Application to ANSI for Accreditation as a Standards Developer at attach. B – NERC Organization Standards Process Manual, app. B – Development of the Registered Ballot Body 33-37 (pdf 48-52) (2002), available at <https://www.nerc.com/pa/Stand/Pages/ANSIAccreditation.aspx>.

<sup>17</sup> See ERO Certification Order at P 90 (directing NERC to create a separate segment for ISOs and RTOs and address a concern raised regarding weighting of segments with fewer than 10 members); see also *Compliance Filing of NERC in Response to January 18, 2007 Order and March 9, 2007 Order*, Docket No. RR06-1-007 (Mar. 19, 2007) (detailing NERC’s responses to these ERO Certification Order directives) and *Order on Compliance Filing*, 119

various clarifications regarding who may join the segments, and making several changes and clarifications over the years regarding the participation of contractors, agents, and trade associations in the segments.<sup>18</sup>

Although the RBB criteria have remained relatively stable over the years, NERC continually applies the criteria, and as such, assesses whether the criteria are clear and continue to provide for fair and balanced representation in standards voting. To cite several examples, NERC reviews the RBB criteria in connection with: (1) new requests to join the RBB; (2) determining segment participation and interest among various projects; and (3) determining segment participation and interest in annual and special elections for the Standards Committee, the members of which are drawn from the RBB. NERC's administration of its standards program is also subject to monitoring by the NERC Compliance and Certification Committee and NERC's internal audit program. In considering recommendations from the most recent audit, NERC determined to revise the RBB criteria to clarify member responsibilities following an organizational change; these changes are described later in this filing. In addition, NERC initiates additional reviews, on an as-needed basis, to address issues identified by staff, stakeholders, or from ANSI in connection with their accreditation process.

The public has the opportunity to provide feedback on the RBB segment criteria through various mechanisms, both formal and informal. All proposed changes to the RBB criteria are

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FERC ¶ 61,248 (Jun. 7, 2007) (accepting the March 19, 2007 compliance filing and directing additional compliance filings on other issues).

<sup>18</sup> See *Petition of NERC for Approval of Appendices 3B and 3D to the NERC Rules of Procedure Regarding the Election Procedure for Members of NERC Standards Committee and Registered Ballot Body Criteria*, Docket No. RR11-5-000 (Jun. 13, 2011), see also *N. Am. Elec. Reliability Corp.*, Order Approving Amendments to Rules of Procedure, 137 FERC ¶ 61,130 (2011) (approving NERC's petition); see also n.19, *infra*. In addition, NERC has reviewed the RBB in connection with changes in defined terms used in the Rules of Procedure affecting the segment criteria (see capitalization of the term Load in 2014, in connection with changes made to the definition of Bulk Electric System approved by the Commission in Order No. 773, *Revisions to Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure*, 141 FERC ¶ 61,236 (2012), *order on reh'g*, Order No. 773-A, 143 FERC ¶ 61,053 (2013)).

considered proposed changes to the Rules of Procedure, and as such, are posted for public comment in accordance with Section 1400 – Amendments to the NERC Rules of Procedure. NERC also provides public forums to review any proposed RBB criteria changes or suggest additional areas for consideration, including the stakeholder standing committees, the NERC Member Representatives Committee, and the NERC Board of Trustees. The public may comment on NERC’s RBB criteria, as it relates to the criteria for NERC’s ERO certification, as part of the Five Year Performance Assessment process under 18 C.F.R. § 39.3(c). The public may also comment on RBB segment criteria outside any formal comment process or stakeholder forum. For example, in 2017, several stakeholders raised a concern with NERC staff directly regarding potential vote dilution in the ISO/RTO segment, which resulted in NERC initiating its Rules of Procedure revision process to revise the RBB criteria.<sup>19</sup>

NERC proposes a more flexible review rule in Section 305.3.3 to avoid having the RBB segment review process become a perfunctory exercise to be completed in the absence of any need for revisions or substantive changes in the nature of the interests that should be represented in the RBB. In light of the continuous application of the RBB criteria and oversight activity described above, and the fact that concerns may be raised regarding the RBB at any time, it is not likely that the RBB criteria would become so out-of-date so as to no longer provide for fair and balanced representation in standards development if longer than three years were to elapse between dedicated reviews.

Further, the proposed revision would provide needed flexibility in the event a more substantive change to the RBB criteria is determined to be in order. A significant change to the

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<sup>19</sup> See *Petition of NERC for Approval of Proposed Revisions to Appendix 3D to the Rules of Procedure*, Docket No. RR18-1-000, at 4-5 (Nov. 21, 2017). The Commission approved the proposed revisions in March 2018. See *N. Am. Elec. Reliability Corp.*, Docket No. RR18-1-000 (Mar. 9, 2018) (delegated letter order).

RBB, such as the removal or consolidation of one or more segments or a significant change in segment criteria, would affect the participation of current segment members and the ongoing ballot pools in which those members are participating. These types of changes would also, by extension, affect the composition of the Standards Committee. A more flexible rule would allow NERC sufficient time to develop or evaluate such proposals, prepare the necessary supporting materials and analysis, propose a reasonable timeframe for implementation, and ensure NERC's stakeholders have meaningful opportunities to provide their feedback, while also recognizing the other demands and competing priorities NERC places on their time.

### **3. Sections 307, 317, and 319**

In Sections 307, 317, and 319, NERC proposes to remove or update references to obsolete NERC Standards staff titles as appropriate.

### **4. Section 309**

In Section 309, NERC proposes two revisions. First, NERC proposes to remove, as redundant and unnecessary, two reporting requirements: first, the requirement that NERC submit a report to all other applicable governmental authorities when one directs a new standard; and second, that NERC submit a plan and timetable for modifying or developing remanded or new standards within 30 days. NERC has well-established, open, and transparent mechanisms for keeping all interested parties informed of the status of standards development, whether the development project has been directed by applicable governmental authority or initiated by NERC or an industry stakeholder. These mechanisms include the annual Reliability Standards Development Plan prepared and filed with each applicable governmental authority under Section 310, which includes and prioritizes new projects addressing regulatory directives. Other mechanisms include the Standards Committee Project Management Oversight Subcommittee

project status tracker,<sup>20</sup> which is updated and reviewed regularly in open meetings, as well as the drafting team meetings themselves, which are open to the public. These mechanisms allow NERC to prioritize projects as appropriate, meet regulatory deadlines, and incorporate feedback from all stakeholders, including the applicable governmental authorities, in an open and transparent manner. At the conclusion of the development process, NERC submits a filing to each applicable governmental authority which includes the reasons NERC developed the proposed standard that is submitted for approval and any relevant regulatory history. Second, NERC proposes to revise Section 309 to update the reference to the “expedited standards development process” in the Standard Processes Manual, Appendix 3A to the Rules of Procedure; this process is now titled “Waiver.”

## **5. Section 313**

In Section 313, NERC proposes to eliminate the Regional Entity’s ongoing obligation to provide an updated catalog listing of Regional Criteria<sup>21</sup> to NERC and replace it with an obligation to maintain a current catalog of its Regional Criteria in a publicly-available form. These revisions will help ensure transparency regarding Regional Criteria while eliminating an unnecessary reporting burden on Regional Entities.

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<sup>20</sup> The project status tracker is available on NERC’s website here: <https://www.nerc.com/comm/SC/Project%20Management%20and%20Oversight%20Subcommittee%20DL/Project%20Tracking%20Spreadsheet.xlsx>.

<sup>21</sup> As specified in Appendix 2, Definitions used in the NERC Rules of Procedure, “Regional Criteria” means reliability requirements developed by a Regional Entity that are necessary to implement, to augment, or to comply with Reliability Standards, but which are not Reliability Standards. Such Regional Criteria may be necessary to account for physical differences in the Bulk-Power System but are not inconsistent with Reliability Standards nor do they result in lesser reliability. Such Regional Criteria are not enforceable pursuant to NERC-delegated authorities, but may be enforced through other available mechanisms. Regional Criteria may include specific acceptable operating or planning parameters, guides, agreements, protocols or other documents.

**B. Appendix 3B, Procedure for Election of Members of the Standards Committee**

In Appendix 3B, NERC proposes to remove references to the NERC “standards process manager (SPM),” which is an obsolete NERC staff title, and replace it with “procedure manager,” the individual designated to oversee the Standards Committee election procedure described in Appendix 3B. The proposed revisions are shown in redline in Attachment 2-B.

**C. Appendix 3D, Development of the Registered Ballot Body**

NERC proposes several revisions in Appendix 3D, Development of the Registered Ballot Body. The revisions are summarized below; they are shown in redline in Attachment 3-B.

In the Registration Procedures section, NERC proposes revisions to clarify that the NERC General Counsel may delegate its responsibility to review applications to join the RBB to a member of the General Counsel’s legal staff. These proposed revisions, which are consistent with NERC’s current practice, would aid in the expedient and efficient processing of requests to join the RBB.

In the Segment Qualification Guidelines section, NERC proposes revisions to clarify the segment qualification guidelines as follows. First, NERC proposes revisions to clarify that NERC may remove individuals that have not completed the required annual self-selection process, following the provision of written notice. Second, NERC proposes revisions, intended to correspond to the proposed revisions in Section 305 discussed above, to clarify that entities have an obligation to withdraw additional members of the RBB when a change in corporate structure (such as a merger or acquisition) results in the entity or affiliated entities having more than the one permitted representative in a segment. The proposed language would specify that entities must complete this withdrawal prior to joining any new ballot pools or voting on any standards action as part of an existing ballot pool. These proposed revisions would provide necessary clarity to

entities regarding their RBB membership obligations and help protect the integrity of RBB actions as consistent with NERC's rules regarding segment representation.

In the Segments section, NERC proposes to remove language in Segment 10 Regional Entity that is no longer necessary following the dissolution of the Southwest Power Pool and Florida Reliability Coordinating Council Regional Entities.

#### **IV. CONCLUSION**

For the reasons set forth above, NERC respectfully requests that the Commission approve the proposed revisions to NERC Rules of Procedure Section 300, Reliability Standards Development; Appendix 3B, Procedure for Election of Members of the Standards Committee, and Appendix 3D, Development of the Registered Ballot Body, as shown in Attachments 1-3 to this filing.

Respectfully submitted,

/s/ Lauren A. Perotti

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*Counsel for the North American Electric  
Reliability Corporation*

March 18, 2022



**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in the above-referenced proceeding.

Dated at Washington, D.C. this 18th day of March, 2022.

*/s/ Lauren A. Perotti*

Lauren A. Perotti

*Counsel for North American  
Electric Reliability Corporation*

## Attachment 1

### Section 300, Reliability Standards Development

Attachment 1-A

Section 300, Reliability Standards Development  
Clean

## SECTION 300 — RELIABILITY STANDARDS DEVELOPMENT

### 301. General

NERC shall develop and maintain Reliability Standards that apply to Bulk Power System owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of Bulk Power System owners, operators, and users; and to hold them accountable for Reliable Operation of the Bulk Power Systems. The Reliability Standards shall be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable standards of governmental authorities.

### 302. Essential Attributes for Technically Excellent Reliability Standards

1. **Applicability** — Each Reliability Standard shall clearly identify the functional classes of entities responsible for complying with the Reliability Standard, with any specific additions or exceptions noted.<sup>1</sup> Each Reliability Standard shall also identify the geographic applicability of the Reliability Standard, such as the entire North American Bulk Power System, an Interconnection, or within a Region. A Reliability Standard may also identify any limitations on the applicability of the Reliability Standard based on electric Facility characteristics.
2. **Reliability Objectives** — Each Reliability Standard shall have a clear statement of purpose that shall describe how the Reliability Standard contributes to the reliability of the Bulk Power System. The following general objectives for the Bulk Power System provide a foundation for determining the specific objective(s) of each Reliability Standard:
  - 2.1 **Reliability Planning and Operating Performance** — Bulk Power Systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.
  - 2.2 **Frequency and Voltage Performance** — The frequency and voltage of Bulk Power Systems shall be controlled within defined limits through the balancing of Real and Reactive Power supply and demand.
  - 2.3 **Reliability Information** — Information necessary for the planning and operation of reliable Bulk Power Systems shall be made available to those entities responsible for planning and operating Bulk Power Systems.
  - 2.4 **Emergency Preparation** — Plans for emergency operation and system restoration of Bulk Power Systems shall be developed, coordinated, maintained, and implemented.

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<sup>1</sup> When a Reliability Standard identifies a class of entities to which it applies, that class must be defined in the Glossary of Terms Used in NERC Reliability Standards.

- 2.5 **Communications and Control** — Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of Bulk Power Systems.
- 2.6 **Personnel** — Personnel responsible for planning and operating Bulk Power Systems shall be trained and qualified, and shall have the responsibility and authority to implement actions.
- 2.7 **Wide-Area View** — The reliability of the Bulk Power Systems shall be assessed, monitored, and maintained on a Wide-Area basis.
- 2.8 **Security** — Bulk Power Systems shall be protected from malicious physical or cyber attacks.
3. **Performance Requirement or Outcome** — Each Reliability Standard shall state one or more performance Requirements, which if achieved by the applicable entities, will provide for a reliable Bulk Power System, consistent with good utility practices and the public interest. Each Requirement is not a “lowest common denominator” compromise, but instead achieves an objective that is the best approach for Bulk Power System reliability, taking account of the costs and benefits of implementing the proposal.
4. **Measurability** — Each performance Requirement shall be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that Requirement. Each performance Requirement shall have one or more associated measures used to objectively evaluate compliance with the Requirement. If performance can be practically measured quantitatively, metrics shall be provided to determine satisfactory performance.
5. **Technical Basis in Engineering and Operations** — Each Reliability Standard shall be based upon sound engineering and operating judgment, analysis, or experience, as determined by expert practitioners in that particular field.
6. **Completeness** — Reliability Standards shall be complete and self-contained. The Reliability Standards shall not depend on external information to determine the required level of performance.
7. **Consequences for Noncompliance** — In combination with guidelines for Penalties and sanctions, as well as other ERO and Regional Entity compliance documents, the consequences of violating a Reliability Standard are clearly presented to the entities responsible for complying with the Reliability Standards.
8. **Clear Language** — Each Reliability Standard shall be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, are able to arrive at a consistent interpretation of the required performance.

9. **Practicality** — Each Reliability Standard shall establish Requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.
10. **Consistent Terminology** — To the extent possible, Reliability Standards shall use a set of standard terms and definitions that are approved through the NERC Reliability Standards development process.

### 303. **Relationship between Reliability Standards and Competition**

To ensure Reliability Standards are developed with due consideration of impacts on competition, to ensure Reliability Standards are not unduly discriminatory or preferential, and recognizing that reliability is an essential requirement of a robust North American economy, each Reliability Standard shall meet all of these market-related objectives:

1. **Competition** — A Reliability Standard shall not give any market participant an unfair competitive advantage.
2. **Market Structures** — A Reliability Standard shall neither mandate nor prohibit any specific market structure.
3. **Market Solutions** — A Reliability Standard shall not preclude market solutions to achieving compliance with that Reliability Standard.
4. **Commercially Sensitive Information** — A Reliability Standard shall not require the public disclosure of commercially sensitive information or other Confidential Information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with Reliability Standards.
5. **Adequacy** — NERC shall not set Reliability Standards defining an adequate amount of, or requiring expansion of, Bulk Power System resources or delivery capability.

### 304. **Essential Principles for the Development of Reliability Standards**

NERC shall develop Reliability Standards in accordance with the NERC *Standard Processes Manual*, which is incorporated into these Rules of Procedure as **Appendix 3A**. Appeals in connection with the development of a Reliability Standard shall also be conducted in accordance with the NERC *Standard Processes Manual*. Any amendments or revisions to the NERC *Standard Processes Manual* shall be consistent with the following essential principles:

1. **Openness** — Participation shall be open to all Persons and who are directly and materially affected by the reliability of the North American Bulk Power System. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in NERC or any other organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.

2. **Transparency** — The process shall be transparent to the public.
3. **Consensus-building** — The process shall build and document consensus for each Reliability Standard, both with regard to the need and justification for the Reliability Standard and the content of the Reliability Standard.
4. **Fair Balance of Interests** — The process shall fairly balance interests of all stakeholders and shall not be dominated by any two Segments as defined in **Appendix 3D, *Development of the Registered Ballot Body***, of these Rules of Procedure, and no single Segment, individual or organization shall be able to defeat a matter.
5. **Due Process** — Development of Reliability Standards shall provide reasonable notice and opportunity for any Person with a direct and material interest to express views on a proposed Reliability Standard and the basis for those views, and to have that position considered in the development of the Reliability Standards.
6. **Timeliness** — Development of Reliability Standards shall be timely and responsive to new and changing priorities for reliability of the Bulk Power System.

### **305. Registered Ballot Body**

NERC Reliability Standards shall be approved by a Registered Ballot Body prior to submittal to the Board and then to Applicable Governmental Authorities for their approval, where authorized by applicable legislation or agreement. This Section 305 sets forth the rules pertaining to the composition of, and eligibility to participate in, the Registered Ballot Body.

1. **Eligibility to Vote on Reliability Standards** — Any person or entity may join the Registered Ballot Body to vote on Reliability Standards, whether or not such person or entity is a Member of NERC.
2. **Inclusive Participation** — The Segment qualification guidelines are inclusive; i.e., any entity with a legitimate interest in the reliability of the Bulk Power System that can meet any one of the eligibility criteria for a Segment is entitled to belong to and vote in each Segment for which it qualifies, subject to limitations defined in Sections 305.3 and 305.5.
3. **General Criteria for Registered Ballot Body Membership** — The general criteria for membership in the Segments are:
  - 3.1 **Multiple Segments** — A corporation or other organization with integrated operations or with affiliates that qualifies to belong to more than one Segment (e.g., Transmission Owners and Load-Serving Entities) may join once in each Segment for which it qualifies, provided that each Segment constitutes a separate membership and the organization is represented in

each Segment by a different representative. Affiliated entities are collectively limited to one membership in each Segment for which they are qualified.

- 3.2 **Withdrawing from a Segment or Changing Segments** — After its initial registration in a Segment, each registered participant may elect to withdraw from a Segment at any time or apply to change Segments as described in the *Development of the Registered Ballot Body* in **Appendix 3D**. In the event a change in corporate or organizational structure results in merged or affiliated entities having more than one membership in a particular Segment, the merged or affiliated entities shall withdraw the additional memberships before joining any new ballot pools or voting on any standards action as part of an existing ballot pool.
- 3.3 **Review of Segment Criteria** — The Board shall review the qualification guidelines and rules for joining Segments periodically to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
4. **Proxies for Voting on Reliability Standards** — Any registered participant may designate an agent or proxy to vote on its behalf. There are no limits on how many proxies an agent may hold. However, for the proxy to be valid, NERC must have in its possession written documentation signed by the representative of the registered participant that the voting right by proxy has been transferred from the registered participant to the agent.
5. **Segments** — The specific criteria for membership in each Registered Ballot Body Segment are defined in the *Development of the Registered Ballot Body* in **Appendix 3D**.
6. **Review of Segment Entries** — NERC shall review all applications for joining the Registered Ballot Body, and shall make a determination of whether the applicant's self-selection of a Segment satisfies at least one of the guidelines to belong to that Segment. The entity shall then become eligible to participate as a voting member of that Segment. The Standards Committee shall resolve disputes regarding eligibility for membership in a Segment, with the applicant having the right of appeal to the Board.

### **306. Standards Committee**

The Standards Committee shall provide oversight of the Reliability Standards development process to ensure stakeholder interests are fairly represented. The Standards Committee shall not under any circumstance change the substance of a draft or approved Reliability Standard.

1. **Membership** — The Standards Committee is a representative committee comprising representatives of two members of each of the Segments in the



Registered Ballot Body and two officers elected to represent the interests of the industry as a whole.

2. **Elections** — Standards Committee members are elected for staggered (one per Segment per year) two-year terms by the respective Segments in accordance with the *Procedure for the Election of Members of the NERC Standards Committee*, which is incorporated into these Rules of Procedure as **Appendix 3B**. Segments may use their own election procedure if such a procedure is ratified by two-thirds of the members of a Segment and approved by the Board.

3. **Canadian Representation**

The Standards Committee will include Canadian representation as provided in **Appendix 3B**, *Procedure for the Election of Members of the NERC Standards Committee*.

4. **Open Meetings** — All meetings of the Standards Committee shall be open and publicly noticed on the NERC website.

### 307. **Standards Process Management**

NERC standards staff shall be responsible for ensuring that the development and revision of Reliability Standards are in accordance with the NERC *Standard Processes Manual* and shall work to achieve the highest degree of integrity and consistency of quality and completeness of the Reliability Standards. NERC staff shall coordinate with any Regional Entities that develop Regional Reliability Standards to ensure those Regional Reliability Standards are effectively integrated with the NERC Reliability Standards.

### 308. **Steps in the Development of Reliability Standards**

1. **Procedure** — NERC shall develop Reliability Standards through the process set forth in the NERC *Standard Processes Manual* (**Appendix 3A**). The NERC *Standard Processes Manual* includes provisions for developing Reliability Standards that can be completed using expedited processes, including a process to develop Reliability Standards to address national security situations that involve confidential issues.
2. **Board Adoption** — Reliability Standards or revisions to Reliability Standards approved by the ballot pool in accordance with the NERC *Standard Processes Manual* shall be submitted for adoption by the Board. No Reliability Standard or revision to a Reliability Standard shall be effective unless adopted by the Board.
3. **Governmental Approval** — After Board adoption, a Reliability Standard or revision to a Reliability Standard shall be submitted to all Applicable Governmental Authorities in accordance with Section 309. No Reliability Standard or revision to a Reliability Standard shall be effective within a geographic area over which an Applicable Governmental Authority has jurisdiction unless it is approved by such Applicable Governmental Authority or

is otherwise made effective pursuant to the laws applicable to such Applicable Governmental Authority.

**309. Filing of Reliability Standards for Approval by Applicable Governmental Authorities**

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the Applicable Governmental Authorities each Reliability Standard, modification to a Reliability Standard, or withdrawal of a Reliability Standard that is adopted by the Board. Each filing shall be in the format required by the Applicable Governmental Authority and shall include: a concise statement of the basis and purpose of the Reliability Standard; the text of the Reliability Standard; the implementation plan for the Reliability Standard; a demonstration that the Reliability Standard meets the essential attributes of Reliability Standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the Reliability Standard and the consideration of those comments.
  
2. **Remanded Reliability Standards and Directives to Develop New or Modified Reliability Standards** — If an Applicable Governmental Authority remands a Reliability Standard to NERC, NERC shall within five (5) business days notify all other Applicable Governmental Authorities. Reliability Standards that are directed by an Applicable Governmental Authority shall be developed using the *NERC Standard Processes Manual*. The waiver provisions of the *NERC Standard Processes Manual* may be applied if necessary to meet a timetable for action required by the Applicable Governmental Authority, respecting to the extent possible the provisions in the *NERC Standard Processes Manual* for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply.
  
3. **Directives to Develop Reliability Standards under Extraordinary Circumstances** — An Applicable Governmental Authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a Reliability Standard. In such a case, the Applicable Governmental Authority may direct the development of a Reliability Standard within a certain deadline. NERC staff shall prepare the Standards Authorization Request. The proposed Reliability Standard will then proceed through the Reliability Standards development process, using the waiver provisions of the *NERC Standard Processes Manual* as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. If the Board of Trustees determines that the

process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

### **310. Annual Reliability Standards Development Plan**

NERC shall develop and provide an annual Reliability Standards Development Plan for development of Reliability Standards to the Applicable Governmental Authorities. NERC shall consider the comments and priorities of the Applicable Governmental Authorities in developing and updating the annual Reliability Standards Development Plan. Each annual Reliability Standards Development Plan shall include a progress report comparing results achieved to the prior year's Reliability Standards Development Plan.

### **311. Regional Entity Standards Development Procedures**

1. **NERC Approval of Regional Entity Reliability Standards Development Procedure** — To enable a Regional Entity to develop Regional Reliability Standards that are to be recognized and made part of NERC Reliability Standards, a Regional Entity may request NERC to approve a Regional Reliability Standards development procedure.
2. **Public Notice and Comment on Regional Reliability Standards Development Procedure** — Upon receipt of such a request, NERC shall publicly notice and request comment on the proposed Regional Reliability Standards development procedure, allowing a minimum of 45 days for comment. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to withdraw the request, revise the Regional Reliability Standards development procedure and request another posting for comment, or submit the Regional Reliability Standards development procedure, along with its consideration of any objections received, for approval by NERC.
3. **Evaluation of Regional Reliability Standards Development Procedure** — NERC shall evaluate whether a Regional Reliability Standards development procedure meets the criteria listed below and shall consider stakeholder comments, any unresolved stakeholder objections, and the consideration of comments provided by the Regional Entity, in making that determination. If NERC determines the Regional Reliability Standards development procedure meets these requirements, the Regional Reliability Standards development procedure shall be submitted to the Board for approval. The Board shall consider the recommended action, stakeholder comments, any unresolved stakeholder comments, and the Regional Entity consideration of comments in determining whether to approve the Regional Reliability Standards development procedure.
  - 3.1 **Evaluation Criteria** — The Regional Reliability Standards development procedure shall be:

- 3.1.1 **Open** — The Regional Reliability Standards development procedure shall provide that any person or entity who is directly and materially affected by the reliability of the Bulk Power Systems within the Regional Entity shall be able to participate in the development and approval of Reliability Standards. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in the Regional Entity, a Regional Entity or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
- 3.1.2 **Inclusive** — The Regional Reliability Standards development procedure shall provide that any Person with a direct and material interest has a right to participate by expressing an opinion and its basis, having that position considered, and appealing through an established appeals process if adversely affected.
- 3.1.3 **Balanced** — The Regional Reliability Standards development procedure shall have a balance of interests and shall not permit any two interest categories to dominate a matter or any single interest category to defeat a matter.
- 3.1.4 **Due Process** — The Regional Reliability Standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the Regional Reliability Standards development procedure shall include public notice of the intent to develop a Regional Reliability Standard, a public comment period on the proposed Regional Reliability Standard, due consideration of those public comments, and a ballot of interested stakeholders.
- 3.1.5 **Transparent** — All actions material to the development of Regional Reliability Standards shall be transparent. All Regional Reliability Standards development meetings shall be open and publicly noticed on the Regional Entity’s website.
- 3.1.6 **Accreditation of Regional Standards Development Procedure** — A Regional Entity’s Regional Reliability Standards development procedure that is accredited by the American National Standards Institute shall be deemed to meet the criteria listed in this Section 311.3.1, although such accreditation is not a prerequisite for approval by NERC.
- 3.1.7 **Use of NERC Procedure** — A Regional Entity may adopt the NERC *Standard Processes Manual* as the Regional Reliability Standards development procedure, in which case the Regional

Entity's Regional Reliability Standards development procedure shall be deemed to meet the criteria listed in this Section 311.3.1.

4. **Revisions of Regional Reliability Standards Development Procedures** — Any revision to a Regional Reliability Standards development procedure shall be subject to the same approval requirements set forth in Sections 311.1 through 311.3.
5. **Duration of Regional Reliability Standards Development Procedures** — The Regional Reliability Standards development procedure shall remain in effect until such time as it is replaced with a new version approved by NERC or it is withdrawn by the Regional Entity. The Regional Entity may, at its discretion, withdraw its Regional Reliability Standards development procedure at any time.

### 312. Regional Reliability Standards

1. **Basis for Regional Reliability Standards** — Regional Entities may propose Regional Reliability Standards that set more stringent reliability requirements than the NERC Reliability Standard or cover matters not covered by an existing NERC Reliability Standard. Such Regional Reliability Standards shall in all cases be submitted to NERC for adoption and, if adopted, made part of the NERC Reliability Standards and shall be enforceable in accordance with the delegation agreement between NERC and the Regional Entity or other instrument granting authority over enforcement to the Regional Entity. No entities other than NERC and the Regional Entity shall be permitted to develop Regional Reliability Standards that are enforceable under statutory authority delegated to NERC and the Regional Entity.
2. **Regional Reliability Standards That are Directed by a NERC Reliability Standard** — Although it is the intent of NERC to promote uniform Reliability Standards across North America, in some cases it may not be feasible to achieve a reliability objective with a Reliability Standard that is uniformly applicable across North America. In such cases, NERC may direct Regional Entities to develop Regional Reliability Standards necessary to implement a NERC Reliability Standard. Such Regional Reliability Standards that are developed pursuant to a direction by NERC shall be made part of the NERC Reliability Standards.
3. **Procedure for Developing an Interconnection-wide Regional Standard** — A Regional Entity organized on an Interconnection-wide basis may propose a Regional Reliability Standard for approval as a NERC Reliability Standard to be made mandatory for all applicable Bulk Power System owners, operators, and users within that Interconnection.
  - 3.1 **Presumption of Validity** — An Interconnection-wide Regional Reliability Standard that is determined by NERC to be just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities, shall be adopted as a NERC Reliability Standard. NERC shall

rebuttably presume that a Regional Reliability Standard developed, in accordance with a Regional Reliability Standards development process approved by NERC, by a Regional Entity organized on an Interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities.

- 3.2 **Notice and Comment Procedure for Interconnection-wide Regional Reliability Standard** — NERC shall publicly notice and request comment on the proposed Interconnection-wide Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to comment on or withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for approval by NERC.
- 3.3 **Adoption of Interconnection-wide Regional Reliability Standard by NERC** — NERC shall evaluate and recommend whether a proposed Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections that could serve as a basis for rebutting the presumption of validity of the Regional Reliability Standard. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning the proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity's request, NERC's recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity's consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
- 3.4 **Applicable Governmental Authority Approval** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.
- 3.5 **Enforcement of Interconnection-wide Regional Reliability Standard** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or

is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

4. **Procedure for Developing Non-Interconnection-Wide Regional Reliability Standards** — Regional Entities that are not organized on an Interconnection-wide basis may propose Regional Reliability Standards to apply within their respective Regions. Such Regional Reliability Standards may be developed through the NERC Reliability Standards development procedure, or alternatively, through a Regional Reliability Standards development procedure that has been approved by NERC.
  - 4.1 **No Presumption of Validity** — Regional Reliability Standards that are not proposed to be applied on an Interconnection-wide basis are not presumed to be valid but may be demonstrated by the proponent to be valid.
  - 4.2 **Notice and Comment Procedure for Non-Interconnection-wide Regional Reliability Standards** — NERC shall publicly notice and request comment on the proposed Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity’s Regional Reliability Standards development process. The Regional Entity shall have an opportunity to comment on or resolve any objections identified in the comments and may choose to withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for adoption by NERC.
  - 4.3 **NERC Adoption of Non-Interconnection-wide Regional Reliability Standards** — NERC shall evaluate and recommend whether a proposed non-Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity’s request, the recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity’s consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
  - 4.4 **Applicable Governmental Authority Approval** — A non-Interconnection-wide Regional Reliability Standard that has been adopted

by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.

4.5 **Enforcement of Non-Interconnection-wide Regional Reliability Standards** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

5. **Appeals** — A Regional Entity shall have the right to appeal NERC’s decision not to adopt a proposed Regional Reliability Standard or Variance to the Commission or other Applicable Governmental Authority.

### 313. **Other Regional Criteria, Guides, Procedures, Agreements, Etc.**

1. **Regional Criteria** — Regional Entities may develop Regional Criteria that are necessary to implement, to augment, or to comply with NERC Reliability Standards, but which are not Reliability Standards. Regional Criteria may also address issues not within the scope of Reliability Standards, such as resource adequacy. Regional Criteria may include specific acceptable operating or planning parameters, guides, agreements, protocols or other documents used to enhance the reliability of the Bulk Power System in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or regional Variances, and therefore are not enforceable under authority delegated by NERC pursuant to delegation agreements and do not require NERC approval.
2. **Catalog of Regional Criteria** — Each Regional Entity that has Regional Criteria shall maintain a publicly-available, current catalog of its Regional Criteria. Regional Entities shall provide any Regional Criteria to NERC upon written request.

### 314. **Conflicts with Statutes, Regulations, and Orders**

**Notice of Potential Conflict** — If a Bulk Power System owner, operator, or user determines that a NERC or Regional Reliability Standard may conflict with a function, rule, order, tariff, rate schedule, legislative requirement or agreement that has been accepted, approved, or ordered by a governmental authority affecting that entity, the entity shall expeditiously notify the governmental authority, NERC, and the relevant Regional Entity of the conflict.

1. **Determination of Conflict** — NERC, upon request of the governmental authority, may advise the governmental authority regarding the conflict and



propose a resolution of the conflict, including revision of the Reliability Standard if appropriate.

2. **Regulatory Precedence** — Unless otherwise ordered by a governmental authority, the affected Bulk Power System owner, operator, or user shall continue to follow the function, rule, order, tariff, rate schedule, legislative requirement, or agreement accepted, approved, or ordered by the governmental authority until the governmental authority finds that a conflict exists and orders a remedy and such remedy is affected.

### **315. Revisions to NERC Standard Processes Manual**

Any person or entity may submit a written request to modify NERC *Standard Processes Manual*. Consideration of the request and development of the revision shall follow the process defined in the NERC *Standard Processes Manual*. Upon approval by the Board, the revision shall be submitted to the Applicable Governmental Authorities for approval. Changes shall become effective only upon approval by the Applicable Governmental Authorities or on a date designated by the Applicable Governmental Authorities or as otherwise applicable in a particular jurisdiction.

### **316. Accreditation**

NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.

### **317. Periodic Review of Reliability Standards**

NERC shall complete a periodic review of each NERC Reliability Standard in accordance with the NERC *Standard Processes Manual*. As a result of this review, the NERC Reliability Standard shall be reaffirmed, revised, or withdrawn. If the review indicates a need to revise or withdraw the Reliability Standard, a request for revision or withdrawal shall be prepared, submitted and addressed in accordance with the NERC *Standard Processes Manual*.

### **318. Coordination with the North American Energy Standards Board**

NERC shall maintain a close working relationship with the North American Energy Standards Board and ISO/RTO Council to ensure effective coordination of wholesale electric business practice standards and market protocols with the NERC Reliability Standards.

### **319. Archived Standards Information**

NERC shall maintain a historical record of Reliability Standards information that is no longer maintained on-line. For example, Reliability Standards that have been retired may be removed from the on-line system. Archived information shall be retained indefinitely as practical, but in no case less than six years or one complete Reliability Standards review cycle from the date on which the Reliability Standard was no longer in effect. Archived records of Reliability Standards information shall be available electronically within 30 days following the receipt by NERC staff of a written request.

### **320. Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels**

1. **Development of Violation Risk Factors and Violation Severity Levels** — NERC shall follow the process for developing Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) as set forth in the Standard Processes Manual, Appendix 3A to these Rules of Procedure.
2. **Remands of Directed Revision of VRFs and VSLs by Applicable Governmental Authorities** — If an Applicable Governmental Authority remands or directs a revision to a Board-approved VRF or VSL assignment, the NERC director of standards, after consulting with the standard drafting team, Standards Committee, and the NERC director of compliance operations, will recommend to the Board one of the following actions: (1) filing a request for clarification; (2) filing for rehearing or for review of the Applicable Governmental Authority decision; or (3) approval of the directed revisions to the VRF or VSL. If and to the extent time is available prior to the deadline for the Board’s decision, an opportunity for interested parties to comment on the action taken will be provided.
3. **Alternative Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels** — In the event the Reliability Standards development process fails to produce Violation Risk Factors or Violation Severity Levels for a particular Reliability Standard in a timely manner, the Board of Trustees may approve Violation Risk Factors or Violation Severity Levels for that Reliability Standard after notice and opportunity for comment. In approving VRFs and VSLs, the Board shall consider the inputs of the Member Representatives Committee, affected stakeholders and NERC staff.

### **321. Special Rule to Address Certain Regulatory Directives**

In circumstances where this Rule 321 applies, the Board of Trustees shall have the authority to take one or more of the actions set out below. The Board of Trustees shall have the authority to choose which one or more of the actions are appropriate to the circumstances and need not take these actions in sequential steps.

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by Applicable Governmental Authorities. If the Board of Trustees is presented with a proposed Reliability Standard that fails to address such directives, the Board of Trustees has the authority to remand, with instructions (including establishing a timetable for action), the proposed Reliability Standard to the Standards Committee.
2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to remand the proposed

Reliability Standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed Reliability Standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.

- 2.1 Such a re-ballot shall be completed within forty-five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.
- 2.2 In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the proposal shall be counted for purposes of determining the number of votes cast and whether the proposed Reliability Standard has been approved.
3. If the re-balloted proposed Reliability Standard achieves at least an affirmative two-thirds majority vote of the weighted Segment votes cast, with a quorum established, then the proposed Reliability Standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.
4. If the re-balloted proposed Reliability Standard fails to achieve at least an affirmative two-thirds majority vote of the weighted Segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted Segment votes cast, with a quorum established, then the Board of Trustees has the authority to consider the proposed Reliability Standard for approval under the following procedures:
  - 4.1 The Board of Trustees shall issue notice of its intent to consider the proposed Reliability Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed Reliability Standard that address the specific matter identified in the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.
  - 4.2 The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.

- 4.3 After considering the developmental record, the comments received during balloting and the additional input received under paragraphs 4.1 and 4.2 of this Rule, the Board of Trustees has authority to act on the proposed Reliability Standard.
  - 4.3.1 If the Board of Trustees finds that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to approve the proposed Reliability Standard and direct that it be filed with Applicable Governmental Authorities with a request that it be made effective.
  - 4.3.2 If the Board of Trustees is unable to find that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to treat the proposed Reliability Standard as a draft Reliability Standard and direct that the draft Reliability Standard and complete developmental record, including the additional input received under paragraphs 4.1 and 4.2 of this Rule, be filed with the Applicable Governmental Authorities as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Reliability Standard not be made effective and an explanation of the basis for the recommendation.
5. Upon a written finding by the Board of Trustees that standard drafting team has failed to develop, or a ballot pool has failed to approve, a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to direct the Standards Committee (with the assistance of stakeholders and NERC staff) to prepare a draft Reliability Standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. If the Standards Committee fails to prepare such draft Reliability Standard, the Board of Trustees may direct NERC management to prepare such draft Reliability Standard.
  - 5.1 The Board of Trustees may, in its discretion, convene a public technical conference to receive input on the matter. The draft Reliability Standard shall be posted for a 45-day public comment period.
  - 5.2 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees finds that the draft Reliability Standard, with such modifications as the Board of Trustees determines are appropriate in light of the

comments received, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to approve the draft Reliability Standard and direct that the proposed Reliability Standard be filed with Applicable Governmental Authorities with a request that the proposed Reliability Standard be made effective.

- 5.3 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees is unable to find that the draft Reliability Standard, even with modifications, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to direct that the draft Reliability Standard and complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Governmental Authority issuing the regulatory directive, with a recommendation that the draft Reliability Standard not be made effective.
- 5.4 The filing of the Reliability Standard under either paragraph 5.2 or paragraph 5.3 of this Rule shall include an explanation of the basis for the decision by the Board of Trustees.
- 5.5 A Reliability Standard approved under paragraph 5 of this Rule shall not be eligible for submission as an American National Standard.
6. NERC shall on or before March 31<sup>st</sup> of each year file a report with Applicable Governmental Authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an Applicable Governmental Authority.

Attachment 1-B

Section 300, Reliability Standards Development  
Redline to Last Approved

## SECTION 300 — RELIABILITY STANDARDS DEVELOPMENT

### 301. General

NERC shall develop and maintain Reliability Standards that apply to Bulk Power System owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of Bulk Power System owners, operators, and users; and to hold them accountable for Reliable Operation of the Bulk Power Systems. The Reliability Standards shall be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable standards of governmental authorities.

### 302. Essential Attributes for Technically Excellent Reliability Standards

1. **Applicability** — Each Reliability Standard shall clearly identify the functional classes of entities responsible for complying with the Reliability Standard, with any specific additions or exceptions noted. ~~Such functional classes<sup>1</sup> include: Reliability Coordinators, Balancing Authorities, Transmission Operators, Transmission Owners, Generator Operators, Generator Owners, Transmission Service Providers, market operators, Planning Authorities, Transmission Planners, Resource Planners, and Distribution Providers.~~ Each Reliability Standard shall also identify the geographic applicability of the Reliability Standard, such as the entire North American Bulk Power System, an Interconnection, or within a Region. A Reliability Standard may also identify any limitations on the applicability of the Reliability Standard based on electric Facility characteristics.
2. **Reliability Objectives** — Each Reliability Standard shall have a clear statement of purpose that shall describe how the Reliability Standard contributes to the reliability of the Bulk Power System. The following general objectives for the Bulk Power System provide a foundation for determining the specific objective(s) of each Reliability Standard:
  - 2.1 **Reliability Planning and Operating Performance** — Bulk Power Systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.
  - 2.2 **Frequency and Voltage Performance** — The frequency and voltage of Bulk Power Systems shall be controlled within defined limits through the balancing of Real and Reactive Power supply and demand.
  - 2.3 **Reliability Information** — Information necessary for the planning and operation of reliable Bulk Power Systems shall be made available to those entities responsible for planning and operating Bulk Power Systems.

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<sup>1</sup> ~~These functional classes of entities are derived from NERC's Reliability Functional Model.~~ When a Reliability Standard identifies a class of entities to which it applies, that class must be defined in the Glossary of Terms Used in NERC Reliability Standards.

- 2.4 **Emergency Preparation** — Plans for emergency operation and system restoration of Bulk Power Systems shall be developed, coordinated, maintained, and implemented.
- 2.5 **Communications and Control** — Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of Bulk Power Systems.
- 2.6 **Personnel** — Personnel responsible for planning and operating Bulk Power Systems shall be trained and qualified, and shall have the responsibility and authority to implement actions.
- 2.7 **Wide-Area View** — The reliability of the Bulk Power Systems shall be assessed, monitored, and maintained on a Wide-Area basis.
- 2.8 **Security** — Bulk Power Systems shall be protected from malicious physical or cyber attacks.
3. **Performance Requirement or Outcome** — Each Reliability Standard shall state one or more performance Requirements, which if achieved by the applicable entities, will provide for a reliable Bulk Power System, consistent with good utility practices and the public interest. Each Requirement is not a “lowest common denominator” compromise, but instead achieves an objective that is the best approach for Bulk Power System reliability, taking account of the costs and benefits of implementing the proposal.
4. **Measurability** — Each performance Requirement shall be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that Requirement. Each performance Requirement shall have one or more associated measures used to objectively evaluate compliance with the Requirement. If performance can be practically measured quantitatively, metrics shall be provided to determine satisfactory performance.
5. **Technical Basis in Engineering and Operations** — Each Reliability Standard shall be based upon sound engineering and operating judgment, analysis, or experience, as determined by expert practitioners in that particular field.
6. **Completeness** — Reliability Standards shall be complete and self-contained. The Reliability Standards shall not depend on external information to determine the required level of performance.
7. **Consequences for Noncompliance** — In combination with guidelines for Penalties and sanctions, as well as other ERO and Regional Entity compliance documents, the consequences of violating a Reliability Standard are clearly presented to the entities responsible for complying with the Reliability Standards.
8. **Clear Language** — Each Reliability Standard shall be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in



keeping with good utility practices, are able to arrive at a consistent interpretation of the required performance.

9. **Practicality** — Each Reliability Standard shall establish Requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.
10. **Consistent Terminology** — To the extent possible, Reliability Standards shall use a set of standard terms and definitions that are approved through the NERC Reliability Standards development process.

### 303. Relationship between Reliability Standards and Competition

To ensure Reliability Standards are developed with due consideration of impacts on competition, to ensure Reliability Standards are not unduly discriminatory or preferential, and recognizing that reliability is an essential requirement of a robust North American economy, each Reliability Standard shall meet all of these market-related objectives:

1. **Competition** — A Reliability Standard shall not give any market participant an unfair competitive advantage.
2. **Market Structures** — A Reliability Standard shall neither mandate nor prohibit any specific market structure.
3. **Market Solutions** — A Reliability Standard shall not preclude market solutions to achieving compliance with that Reliability Standard.
4. **Commercially Sensitive Information** — A Reliability Standard shall not require the public disclosure of commercially sensitive information or other Confidential Information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with Reliability Standards.
5. **Adequacy** — NERC shall not set Reliability Standards defining an adequate amount of, or requiring expansion of, Bulk Power System resources or delivery capability.

### 304. Essential Principles for the Development of Reliability Standards

NERC shall develop Reliability Standards in accordance with the NERC *Standard Processes Manual*, which is incorporated into these Rules of Procedure as **Appendix 3A**. Appeals in connection with the development of a Reliability Standard shall also be conducted in accordance with the NERC *Standard Processes Manual*. Any amendments or revisions to the [NERC Standard Processes Manual](#) shall be consistent with the following essential principles:

1. **Openness** — Participation shall be open to all Persons and who are directly and materially affected by the reliability of the North American Bulk Power System. There shall be no undue financial barriers to participation. Participation shall not

be conditional upon membership in NERC or any other organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.

2. **Transparency** — The process shall be transparent to the public.
3. **Consensus-building** — The process shall build and document consensus for each Reliability Standard, both with regard to the need and justification for the Reliability Standard and the content of the Reliability Standard.
4. **Fair Balance of Interests** — The process shall fairly balance interests of all stakeholders and shall not be dominated by any two Segments as defined in **Appendix 3D**, *Development of the Registered Ballot Body*, of these Rules of Procedure, and no single Segment, individual or organization shall be able to defeat a matter.
5. **Due Process** — Development of Reliability Standards shall provide reasonable notice and opportunity for any Person with a direct and material interest to express views on a proposed Reliability Standard and the basis for those views, and to have that position considered in the development of the Reliability Standards.
6. **Timeliness** — Development of Reliability Standards shall be timely and responsive to new and changing priorities for reliability of the Bulk Power System.

### **305. Registered Ballot Body**

NERC Reliability Standards shall be approved by a Registered Ballot Body prior to submittal to the Board and then to Applicable Governmental Authorities for their approval, where authorized by applicable legislation or agreement. This Section 305 sets forth the rules pertaining to the composition of, and eligibility to participate in, the Registered Ballot Body.

1. **Eligibility to Vote on Reliability Standards** — Any person or entity may join the Registered Ballot Body to vote on Reliability Standards, whether or not such person or entity is a Member of NERC.
2. **Inclusive Participation** — The Segment qualification guidelines are inclusive; i.e., any entity with a legitimate interest in the reliability of the Bulk Power System that can meet any one of the eligibility criteria for a Segment is entitled to belong to and vote in each Segment for which it qualifies, subject to limitations defined in Sections 305.3 and 305.5.
3. **General Criteria for Registered Ballot Body Membership** — The general criteria for membership in the Segments are:

- 3.1 **Multiple Segments** — A corporation or other organization with integrated operations or with affiliates that qualifies to belong to more than one Segment (e.g., Transmission Owners and Load-Serving Entities) may join once in each Segment for which it qualifies, provided that each Segment constitutes a separate membership and the organization is represented in each Segment by a different representative. Affiliated entities are collectively limited to one membership in each Segment for which they are qualified.
- 3.2 **Withdrawing from a Segment or Changing Segments** — After its initial registration in a Segment, each registered participant may elect to withdraw from a Segment at any time or apply to change Segments ~~at any time~~. as described in the *Development of the Registered Ballot Body in Appendix 3D*. In the event a change in corporate or organizational structure results in merged or affiliated entities having more than one membership in a particular Segment, the merged or affiliated entities shall withdraw the additional memberships before joining any new ballot pools or voting on any standards action as part of an existing ballot pool.
- 3.3 **Review of Segment Criteria** — The Board shall review the qualification guidelines and rules for joining Segments ~~at least every three years~~ periodically to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
4. **Proxies for Voting on Reliability Standards** — Any registered participant may designate an agent or proxy to vote on its behalf. There are no limits on how many proxies an agent may hold. However, for the proxy to be valid, NERC must have in its possession written documentation signed by the representative of the registered participant that the voting right by proxy has been transferred from the registered participant to the agent.
5. **Segments** — The specific criteria for membership in each Registered Ballot Body Segment are defined in the *Development of the Registered Ballot Body in Appendix 3D*.
6. **Review of Segment Entries** — NERC shall review all applications for joining the Registered Ballot Body, and shall make a determination of whether the applicant's self-selection of a Segment satisfies at least one of the guidelines to belong to that Segment. The entity shall then become eligible to participate as a voting member of that Segment. The Standards Committee shall resolve disputes regarding eligibility for membership in a Segment, with the applicant having the right of appeal to the Board.

### 306. Standards Committee

The Standards Committee shall provide oversight of the Reliability Standards development process to ensure stakeholder interests are fairly represented. The Standards Committee shall not under any circumstance change the substance of a draft or approved Reliability Standard.

1. **Membership** — The Standards Committee is a representative committee comprising representatives of two members of each of the Segments in the Registered Ballot Body and two officers elected to represent the interests of the industry as a whole.
2. **Elections** — Standards Committee members are elected for staggered (one per Segment per year) two-year terms by the respective Segments in accordance with the *Procedure for the Election of Members of the NERC Standards Committee*, which is incorporated into these Rules of Procedure as **Appendix 3B**. Segments may use their own election procedure if such a procedure is ratified by two-thirds of the members of a Segment and approved by the Board.
3. **Canadian Representation**  
  
The Standards Committee will include Canadian representation as provided in **Appendix 3B**, *Procedure for the Election of Members of the NERC Standards Committee*.
4. **Open Meetings** — All meetings of the Standards Committee shall be open and publicly noticed on the NERC website.

### 307. Standards Process Management

~~NERC shall assign a standards process manager to administer the development of continent-wide Reliability Standards and a regional standards manager to administer the development of Regional Reliability Standards. The standards process manager~~ NERC standards staff shall be responsible for ensuring that the development and revision of Reliability Standards are in accordance with the *NERC Standard Processes Manual* ~~and~~. ~~The standards process manager and the regional standards manager~~ shall work to achieve the highest degree of integrity and consistency of quality and completeness of the Reliability Standards. ~~The regional standards manager~~ NERC staff shall coordinate with any Regional Entities that develop Regional Reliability Standards to ensure those Regional Reliability Standards are effectively integrated with the NERC Reliability Standards.

### 308. Steps in the Development of Reliability Standards

1. **Procedure** — NERC shall develop Reliability Standards through the process set forth in the *NERC Standard Processes Manual* (**Appendix 3A**). The NERC Standard Processes Manual includes provisions for developing Reliability Standards that can be completed using expedited processes, including a process to

develop Reliability Standards to address national security situations that involve confidential issues.

2. **Board Adoption** — Reliability Standards or revisions to Reliability Standards approved by the ballot pool in accordance with the NERC Standard Processes Manual shall be submitted for adoption by the Board.- No Reliability Standard or revision to a Reliability Standard shall be effective unless adopted by the Board.
3. **Governmental Approval** — After Board adoption, a Reliability Standard or revision to a Reliability Standard shall be submitted to all Applicable Governmental Authorities in accordance with Section 309. No Reliability Standard or revision to a Reliability Standard shall be effective within a geographic area over which an Applicable Governmental Authority has jurisdiction unless it is approved by such Applicable Governmental Authority or is otherwise made effective pursuant to the laws applicable to such Applicable Governmental Authority.

### 309. Filing of Reliability Standards for Approval by Applicable Governmental Authorities

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the Applicable Governmental Authorities each Reliability Standard, modification to a Reliability Standard, or withdrawal of a Reliability Standard that is adopted by the Board. Each filing shall be in the format required by the Applicable Governmental Authority and shall include: a concise statement of the basis and purpose of the Reliability Standard; the text of the Reliability Standard; the implementation plan for the Reliability Standard; a demonstration that the Reliability Standard meets the essential attributes of Reliability Standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the Reliability Standard and the consideration of those comments.
2. **Remanded Reliability Standards and Directives to Develop New or Modified Reliability Standards** — If an Applicable Governmental Authority remands a Reliability Standard to NERC ~~or directs NERC to develop a Reliability Standard,~~ NERC shall within five (5) business days notify all other Applicable Governmental Authorities, ~~and shall within thirty (30) calendar days report to all Applicable Governmental Authorities a plan and timetable for modification or development of the Reliability Standard.~~ Reliability Standards that are ~~remanded or~~ directed by an Applicable Governmental Authority shall be ~~modified or~~ developed using the NERC Standard Processes Manual. ~~NERC shall, during the development of a modification for the remanded Reliability Standard or directed Reliability Standard, consult with other Applicable Governmental Authorities to coordinate any impacts of the proposed Reliability Standards in those other jurisdictions.~~ ~~The expedited standards development process/waiver provisions of the NERC Standard Processes Manual may be applied if necessary to meet a timetable for action required by the Applicable Governmental~~

~~Authorities Authority~~, respecting to the extent possible the provisions in the ~~Reliability Standards development process~~ NERC Standard Processes Manual for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply.

3. **Directives to Develop Reliability Standards under Extraordinary Circumstances** — An Applicable Governmental Authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a Reliability Standard. In such a case, the Applicable Governmental Authority may direct the development of a Reliability Standard within a certain deadline. NERC staff shall prepare the Standards Authorization Request. The proposed Reliability Standard will then proceed through the Reliability Standards development process, using the ~~expedited action process~~ waiver provisions described in of the NERC Standard Processes Manual as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

### **310. Annual Reliability Standards Development Plan**

NERC shall develop and provide an annual Reliability Standards Development Plan for development of Reliability Standards to the Applicable Governmental Authorities. NERC shall consider the comments and priorities of the Applicable Governmental Authorities in developing and updating the annual Reliability Standards Development Plan. Each annual Reliability Standards Development Plan shall include a progress report comparing results achieved to the prior year's Reliability Standards Development Plan.

### **311. Regional Entity Standards Development Procedures**

1. **NERC Approval of Regional Entity Reliability Standards Development Procedure** — To enable a Regional Entity to develop Regional Reliability Standards that are to be recognized and made part of NERC Reliability Standards, a Regional Entity may request NERC to approve a Regional Reliability Standards development procedure.
2. **Public Notice and Comment on Regional Reliability Standards Development Procedure** — Upon receipt of such a request, NERC shall publicly notice and request comment on the proposed Regional Reliability Standards development procedure, allowing a minimum of 45 days for comment. The Regional Entity



shall have an opportunity to resolve any objections identified in the comments and may choose to withdraw the request, revise the Regional Reliability Standards development procedure and request another posting for comment, or submit the Regional Reliability Standards development procedure, along with its consideration of any objections received, for approval by NERC.

3. **Evaluation of Regional Reliability Standards Development Procedure** — NERC shall evaluate whether a Regional Reliability Standards development procedure meets the criteria listed below and shall consider stakeholder comments, any unresolved stakeholder objections, and the consideration of comments provided by the Regional Entity, in making that determination. If NERC determines the Regional Reliability Standards development procedure meets these requirements, the Regional Reliability Standards development procedure shall be submitted to the Board for approval. The Board shall consider the recommended action, stakeholder comments, any unresolved stakeholder comments, and the Regional Entity consideration of comments in determining whether to approve the Regional Reliability Standards development procedure.
  - 3.1 **Evaluation Criteria** — The Regional Reliability Standards development procedure shall be:
    - 3.1.1 **Open** — The Regional Reliability Standards development procedure shall provide that any person or entity who is directly and materially affected by the reliability of the Bulk Power Systems within the Regional Entity shall be able to participate in the development and approval of Reliability Standards. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in the Regional Entity, a Regional Entity or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
    - 3.1.2 **Inclusive** — The Regional Reliability Standards development procedure shall provide that any Person with a direct and material interest has a right to participate by expressing an opinion and its basis, having that position considered, and appealing through an established appeals process if adversely affected.
    - 3.1.3 **Balanced** — The Regional Reliability Standards development procedure shall have a balance of interests and shall not permit any two interest categories to dominate a matter or any single interest category to defeat a matter.
    - 3.1.4 **Due Process** — The Regional Reliability Standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the Regional Reliability Standards development procedure shall include public notice of the

intent to develop a Regional Reliability Standard, a public comment period on the proposed Regional Reliability Standard, due consideration of those public comments, and a ballot of interested stakeholders.

3.1.5 **Transparent** — All actions material to the development of Regional Reliability Standards shall be transparent. All Regional Reliability Standards development meetings shall be open and publicly noticed on the Regional Entity’s website.

3.1.6 **Accreditation of Regional Standards Development Procedure** — A Regional Entity’s Regional Reliability Standards development procedure that is accredited by the American National Standards Institute shall be deemed to meet the criteria listed in this Section 311.3.1, although such accreditation is not a prerequisite for approval by NERC.

3.1.7 **Use of NERC Procedure** — A Regional Entity may adopt the NERC *Standard Processes Manual* as the Regional Reliability Standards development procedure, in which case the Regional Entity’s Regional Reliability Standards development procedure shall be deemed to meet the criteria listed in this Section 311.3.1.

4. **Revisions of Regional Reliability Standards Development Procedures** — Any revision to a Regional Reliability Standards development procedure shall be subject to the same approval requirements set forth in Sections 311.1 through 311.3.

5. **Duration of Regional Reliability Standards Development Procedures** — The Regional Reliability Standards development procedure shall remain in effect until such time as it is replaced with a new version approved by NERC or it is withdrawn by the Regional Entity. The Regional Entity may, at its discretion, withdraw its Regional Reliability Standards development procedure at any time.

## 312. Regional Reliability Standards

1. **Basis for Regional Reliability Standards** — Regional Entities may propose Regional Reliability Standards that set more stringent reliability requirements than the NERC Reliability Standard or cover matters not covered by an existing NERC Reliability Standard. Such Regional Reliability Standards shall in all cases be submitted to NERC for adoption and, if adopted, made part of the NERC Reliability Standards and shall be enforceable in accordance with the delegation agreement between NERC and the Regional Entity or other instrument granting authority over enforcement to the Regional Entity. No entities other than NERC and the Regional Entity shall be permitted to develop Regional Reliability



Standards that are enforceable under statutory authority delegated to NERC and the Regional Entity.

2. **Regional Reliability Standards That are Directed by a NERC Reliability Standard** — Although it is the intent of NERC to promote uniform Reliability Standards across North America, in some cases it may not be feasible to achieve a reliability objective with a Reliability Standard that is uniformly applicable across North America. In such cases, NERC may direct Regional Entities to develop Regional Reliability Standards necessary to implement a NERC Reliability Standard. Such Regional Reliability Standards that are developed pursuant to a direction by NERC shall be made part of the NERC Reliability Standards.
3. **Procedure for Developing an Interconnection-wide Regional Standard** — A Regional Entity organized on an Interconnection-wide basis may propose a Regional Reliability Standard for approval as a NERC Reliability Standard to be made mandatory for all applicable Bulk Power System owners, operators, and users within that Interconnection.
  - 3.1 **Presumption of Validity** — An Interconnection-wide Regional Reliability Standard that is determined by NERC to be just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities, shall be adopted as a NERC Reliability Standard. NERC shall rebuttably presume that a Regional Reliability Standard developed, in accordance with a Regional Reliability Standards development process approved by NERC, by a Regional Entity organized on an Interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities.
  - 3.2 **Notice and Comment Procedure for Interconnection-wide Regional Reliability Standard** — NERC shall publicly notice and request comment on the proposed Interconnection-wide Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to comment on or withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for approval by NERC.
  - 3.3 **Adoption of Interconnection-wide Regional Reliability Standard by NERC** — NERC shall evaluate and recommend whether a proposed Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the

Regional Entity has considered and resolved stakeholder objections that could serve as a basis for rebutting the presumption of validity of the Regional Reliability Standard. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning the proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity's request, NERC's recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity's consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.

3.4 **Applicable Governmental Authority Approval** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.

3.5 **Enforcement of Interconnection-wide Regional Reliability Standard** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

4. **Procedure for Developing Non-Interconnection-Wide Regional Reliability Standards** — Regional Entities that are not organized on an Interconnection-wide basis may propose Regional Reliability Standards to apply within their respective Regions. Such Regional Reliability Standards may be developed through the NERC Reliability Standards development procedure, or alternatively, through a Regional Reliability Standards development procedure that has been approved by NERC.

4.1 **No Presumption of Validity** — Regional Reliability Standards that are not proposed to be applied on an Interconnection-wide basis are not presumed to be valid but may be demonstrated by the proponent to be valid.

4.2 **Notice and Comment Procedure for Non-Interconnection-wide Regional Reliability Standards** — NERC shall publicly notice and request comment on the proposed Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to

comment on or resolve any objections identified in the comments and may choose to withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for adoption by NERC.

4.3 **NERC Adoption of Non-Interconnection-wide Regional Reliability Standards** — NERC shall evaluate and recommend whether a proposed non-Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity’s request, the recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity’s consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.

4.4 **Applicable Governmental Authority Approval** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.

4.5 **Enforcement of Non-Interconnection-wide Regional Reliability Standards** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

5. **Appeals** — A Regional Entity shall have the right to appeal NERC’s decision not to adopt a proposed Regional Reliability Standard or Variance to the Commission or other Applicable Governmental Authority.

### 313. **Other Regional Criteria, Guides, Procedures, Agreements, Etc.**

1. **Regional Criteria** — Regional Entities may develop Regional Criteria that are necessary to implement, to augment, or to comply with NERC Reliability Standards, but which are not Reliability Standards. Regional Criteria may also address issues not within the scope of Reliability Standards, such as resource adequacy. Regional Criteria may include specific acceptable operating or planning parameters, guides, agreements, protocols or other documents used to enhance the reliability of the Bulk Power System in the Region. These documents

typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or regional Variances, and therefore are not enforceable under authority delegated by NERC pursuant to delegation agreements and do not require NERC approval.

2. **Catalog of Regional Criteria** — ~~Each Regional Entity that has Regional Criteria~~ NERC shall maintain a publicly-available, current catalog of its Regional Criteria. ~~Regional Entities shall provide a catalog listing of Regional Criteria to NERC and shall notify NERC of changes to the listing.~~ Regional Entities shall provide any ~~listed document~~ Regional Criteria to NERC upon written request.

### 314. Conflicts with Statutes, Regulations, and Orders

**Notice of Potential Conflict** — If a Bulk Power System owner, operator, or user determines that a NERC or Regional Reliability Standard may conflict with a function, rule, order, tariff, rate schedule, legislative requirement or agreement that has been accepted, approved, or ordered by a governmental authority affecting that entity, the entity shall expeditiously notify the governmental authority, NERC, and the relevant Regional Entity of the conflict.

1. **Determination of Conflict** — NERC, upon request of the governmental authority, may advise the governmental authority regarding the conflict and propose a resolution of the conflict, including revision of the Reliability Standard if appropriate.
2. **Regulatory Precedence** — Unless otherwise ordered by a governmental authority, the affected Bulk Power System owner, operator, or user shall continue to follow the function, rule, order, tariff, rate schedule, legislative requirement, or agreement accepted, approved, or ordered by the governmental authority until the governmental authority finds that a conflict exists and orders a remedy and such remedy is affected.

### 315. Revisions to NERC Standard Processes Manual

Any person or entity may submit a written request to modify NERC *Standard Processes Manual*. Consideration of the request and development of the revision shall follow the process defined in the NERC *Standard Processes Manual*. Upon approval by the Board, the revision shall be submitted to the Applicable Governmental Authorities for approval. Changes shall become effective only upon approval by the Applicable Governmental Authorities or on a date designated by the Applicable Governmental Authorities or as otherwise applicable in a particular jurisdiction.

**316. Accreditation**

NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.

**317. Periodic Review of Reliability Standards**

NERC shall complete a periodic review of each NERC Reliability Standard in accordance with the NERC *Standard Processes Manual*. ~~The standards process manager shall be responsible for administration of the periodic review of Reliability Standards.~~ As a result of this review, the NERC Reliability Standard shall be reaffirmed, revised, or withdrawn. If the review indicates a need to revise or withdraw the Reliability Standard, a request for revision or withdrawal shall be prepared, submitted and addressed in accordance with the NERC *Standard Processes Manual*.

**318. Coordination with the North American Energy Standards Board**

NERC shall maintain a close working relationship with the North American Energy Standards Board and ISO/RTO Council to ensure effective coordination of wholesale electric business practice standards and market protocols with the NERC Reliability Standards.

**319. Archived Standards Information**

NERC shall maintain a historical record of Reliability Standards information that is no longer maintained on-line. -For example, Reliability Standards that have been retired may be removed from the on-line system. -Archived information shall be retained indefinitely as practical, but in no case less than six years or one complete Reliability Standards review cycle from the date on which the Reliability Standard was no longer in effect. Archived records of Reliability Standards information shall be available electronically within 30 days following the receipt by ~~the~~ NERC staff standards information manager of a written request.

**320. Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels**

1. **Development of Violation Risk Factors and Violation Severity Levels** — NERC shall follow the process for developing Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) as set forth in the Standard Processes Manual, Appendix 3A to these Rules of Procedure.
2. **Remands of Directed Revision of VRFs and VSLs by Applicable Governmental Authorities** — If an Applicable Governmental Authority remands or directs a revision to a Board-approved VRF or VSL assignment, the NERC director of standards, after consulting with the standard drafting team, Standards Committee, and the NERC director of compliance operations, will recommend to the Board one of the following actions: (1) filing a request for clarification; (2) filing for rehearing or for review of the Applicable Governmental Authority decision; or (3) approval of the directed revisions to the VRF or VSL. If and to the extent time is available prior to the deadline for the Board's decision, an

opportunity for interested parties to comment on the action taken will be provided.

3. **Alternative Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels** — In the event the Reliability Standards development process fails to produce Violation Risk Factors or Violation Severity Levels for a particular Reliability Standard in a timely manner, the Board of Trustees may approve Violation Risk Factors or Violation Severity Levels for that Reliability Standard after notice and opportunity for comment. In approving VRFs and VSLs, the Board shall consider the inputs of the Member Representatives Committee, affected stakeholders and NERC staff.

### **321. Special Rule to Address Certain Regulatory Directives**

In circumstances where this Rule 321 applies, the Board of Trustees shall have the authority to take one or more of the actions set out below. The Board of Trustees shall have the authority to choose which one or more of the actions are appropriate to the circumstances and need not take these actions in sequential steps.

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by Applicable Governmental Authorities. If the Board of Trustees is presented with a proposed Reliability Standard that fails to address such directives, the Board of Trustees has the authority to remand, with instructions (including establishing a timetable for action), the proposed Reliability Standard to the Standards Committee.
2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to remand the proposed Reliability Standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed Reliability Standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.
  - 2.1 Such a re-ballot shall be completed within forty-five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.



- 2.2 In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the proposal shall be counted for purposes of determining the number of votes cast and whether the proposed Reliability Standard has been approved.
3. If the re-balloted proposed Reliability Standard achieves at least an affirmative two-thirds majority vote of the weighted Segment votes cast, with a quorum established, then the proposed Reliability Standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.
4. If the re-balloted proposed Reliability Standard fails to achieve at least an affirmative two-thirds majority vote of the weighted Segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted Segment votes cast, with a quorum established, then the Board of Trustees has the authority to consider the proposed Reliability Standard for approval under the following procedures:
  - 4.1 The Board of Trustees shall issue notice of its intent to consider the proposed Reliability Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed Reliability Standard that address the specific matter identified in the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.
  - 4.2 The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.
  - 4.3 After considering the developmental record, the comments received during balloting and the additional input received under paragraphs 4.1 and 4.2 of this Rule, the Board of Trustees has authority to act on the proposed Reliability Standard.
    - 4.3.1 If the Board of Trustees finds that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to approve the proposed Reliability Standard and direct that it be filed with Applicable Governmental Authorities with a request that it be made effective.
    - 4.3.2 If the Board of Trustees is unable to find that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other

things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to treat the proposed Reliability Standard as a draft Reliability Standard and direct that the draft Reliability Standard and complete developmental record, including the additional input received under paragraphs 4.1 and 4.2 of this Rule, be filed with the Applicable Governmental Authorities as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Reliability Standard not be made effective and an explanation of the basis for the recommendation.

5. Upon a written finding by the Board of Trustees that standard drafting team has failed to develop, or a ballot pool has failed to approve, a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to direct the Standards Committee (with the assistance of stakeholders and NERC staff) to prepare a draft Reliability Standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. If the Standards Committee fails to prepare such draft Reliability Standard, the Board of Trustees may direct NERC management to prepare such draft Reliability Standard.
  - 5.1 The Board of Trustees may, in its discretion, convene a public technical conference to receive input on the matter. The draft Reliability Standard shall be posted for a 45-day public comment period.
  - 5.2 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees finds that the draft Reliability Standard, with such modifications as the Board of Trustees determines are appropriate in light of the comments received, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to approve the draft Reliability Standard and direct that the proposed Reliability Standard be filed with Applicable Governmental Authorities with a request that the proposed Reliability Standard be made effective.
  - 5.3 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees is unable to find that the draft Reliability Standard, even with modifications, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to direct that the draft



Reliability Standard and complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Governmental Authority issuing the regulatory directive, with a recommendation that the draft Reliability Standard not be made effective.

- 5.4 The filing of the Reliability Standard under either paragraph 5.2 or paragraph 5.3 of this Rule shall include an explanation of the basis for the decision by the Board of Trustees.
  - 5.5 A Reliability Standard approved under paragraph 5 of this Rule shall not be eligible for submission as an American National Standard.
6. NERC shall on or before March 31<sup>st</sup> of each year file a report with Applicable Governmental Authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an Applicable Governmental Authority.

## Attachment 2

### Appendix 3B, Procedure for Election of Members of the Standards Committee

Attachment 2-A

Appendix 3B, Procedure for Election of Members of the Standards Committee  
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**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# Procedure for Election of Members of the Standards Committee

Effective TBD

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# Procedure for Election of Members of the Standards Committee

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## Purpose

This procedure is provided for use by the NERC standards Registered Ballot Body to facilitate the election of industry Segment<sup>1</sup> representatives to the NERC Standards Committee. This procedure is a default process that is available, on a voluntary basis, for the benefit of all Segments of the Registered Ballot Body. The use of alternative procedures is described in a later section.

## Responsibilities for This Procedure

The NERC Board of Trustees provides oversight of the election of Standards Committee members. The Board provides the authority for approval of this procedure and any revisions thereto, and monitors any Segment-specific procedures that may be developed to ensure they are consistent with established principles.

The Standards Committee shall be responsible for advising the Board regarding the use of this procedure or any revisions to the procedure.

Each Registered Ballot Body entity shall be responsible for actively participating in the nomination and election of Standards Committee representatives for each Segment in which the entity is a member.

NERC shall designate a member of its standards staff to serve as the standards procedure manager (PM) responsible for administering the implementation and maintenance of this procedure.

## Guiding Principles

This procedure supports a Reliability Standards development process that is open, inclusive, balanced, and fair. This procedure shall be interpreted in a manner that is consistent with NERC's mission of promoting the reliability of the North American Bulk Electric Systems, NERC Standard Processes Manual, NERC's reliability and market interface principles, and maintaining good standing as a standards developer accredited by the American National Standards Institute.

## Standards Committee Membership

Each valid<sup>2</sup> Segment shall be eligible to elect two voting members to represent the Segment on the Standards Committee. A Registered Entity may provide only one Standards Committee member, irrespective of the number of Segments in which the entity is registered. Each representative that is elected by a Segment to fill one of those positions shall serve on behalf of the Registered Ballot Body entities in that Segment. An eligible position on the Standards Committee that is not filled by a Segment shall be shown as vacant and shall not be counted in the determination of a quorum. Each elected member of the Standards Committee (except for the officers who do not vote) shall carry one vote.

## Standards Committee Membership Term

The Standards Committee reports to the NERC Board of Trustees and is responsible for managing the NERC Standard Processes Manual and other duties as assigned by the Board.

The Standards Committee also serves for the benefit of the members of the Registered Ballot Body and is accountable to them through election by the Segment representatives. Standards Committee membership shall be for a term of

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<sup>1</sup> Industry Segment criteria and a list of entities in the NERC standards Registered Ballot Body are provided on the NERC web site. In this procedure, the term "Segment" shall mean one of the currently defined industry Segments.

<sup>2</sup> Validity is determined by established Segment criteria, including the minimum number of entities in a Segment.

two years, with members' terms staggered such that half of the member positions (one per Segment) are refilled each year by Segment election. Prior to the end of each term, nominations will be received and an election held in accordance with this procedure, or a qualified Segment procedure, to elect Standards Committee representatives for the next term. There is no limit on the number of two-year terms that a member of the Standards Committee may serve, although the setting of limits in the future is not precluded.

## **Standards Committee Officers**

Approximately 90 days prior to the end of each term, the Standards Committee shall elect a chairman and vice chairman (from among its members by majority vote of the members of the Standards Committee) to serve as officers and preside over the business of the Standards Committee for the following two years. The officers shall serve a term of two years, starting in January of the following year, without limit on the number of terms an officer may serve, although the setting of limits in the future is not precluded. The chairman and vice chairman shall serve as non-voting members of the Standards Committee. The PM serves as a non-voting member and secretary of the Standards Committee.

The vacancies in the Segments and/or Canadian representation created by the selection of the chair and vice chair shall be filled at the annual election of representatives to the Standards Committee that is next held following the election of the chairman and vice chairman. When a representative is elected to serve as the chairman or vice chairman during the second year of a two year term, the representative elected to fill the vacancy shall serve a one year term.

## **Standards Committee Scope and Conduct of Business**

The Standards Committee conducts its business in accordance with a separate scope document, the Standard Processes Manual, other applicable NERC procedures, and procedures that the Standards Committee itself may develop. This procedure addresses the nomination and election of members of the Standards Committee and is not intended to otherwise establish or limit the scope, authorities, or procedures of the Standards Committee.

## **Segment Representative Nominations**

Approximately 90 days prior to the start of each term and after the election of officers, the PM shall request nominations to fill Standards Committee positions that will become open with the expiration of the current term.

Notice of the nominations process shall be announced to the Registered Ballot Body and to others that may be interested in standards for the reliability of North American Bulk Electric Systems. The PM shall post the announcement on the NERC web page and distribute the announcement to applicable NERC e-mail lists. The announcement shall include a brief description of the responsibilities of the Standards Committee and estimates of the work effort and travel expected of Standards Committee members.

Any person or entity may submit a nomination. Self-nominations are encouraged.

To be eligible for nomination, a nominee shall be an employee or agent of an entity registered in the applicable Segment. To allow verification of affiliation, a nominee shall be a registered user in the NERC Registered Ballot Body. It is not required that the nominee be the same person as the entity's Registered Ballot Body representative for that Segment.

The PM shall provide a method for the submittal of nominations, preferably an on-line nominations form using internet protocols. The nomination form shall request the following information and other information that the PM deems necessary to completing the election process:

## Nomination Information

1. Segment for which the nomination is made.
2. Nominee name (selected from list of registrants).
3. Nominee job title.<sup>3</sup>
4. Nominee organization (must be an entity registered in the designated Segment).<sup>3</sup>
5. Nominee contact information: telephone, fax, e-mail, and mailing address.<sup>3</sup>
6. Nominee brief summary of qualifications related to serving on the Standards Committee (limited to a 3,000-character text box - approximately 500 words or one-page, single-spaced).
7. Indication (check box) that the nominee has been contacted and is willing to serve on the Standards Committee for a two-year term.
8. Person or entity making the nomination.
9. Contact information for person or entity making nomination: contact name, organization, telephone, fax, e-mail, and mailing address.

The PM shall verify that each nomination received is complete and valid. The PM may follow up with nominees to collect additional information.

In the event that multiple nominations are received for persons from a single entity within a Segment, that entity's representative shall determine which person will be the nominee from that entity.

The PM shall post each nomination that is complete and valid. Each nomination shall be posted as soon as practical after it has been verified.

The nomination period shall remain open for 21 calendar days from the announced opening of the nominations, at which time the nominations shall be closed.

## Segment Representative Elections

The PM shall prepare a slate of nominees for each Segment. The Segment slate shall consist of all valid nominations received for that Segment, without prejudice in the method of listing the slate.

The PM shall provide an electronic ballot form for each Segment, listing the slate of nominees. Each Registered Ballot Body entity in a Segment may cast one vote per Standards Committee member position being filled (i.e. one vote if one position is being filled and two votes if two positions are being filled). In the case that an entity casts two votes within a Segment, each vote must be for a different candidate in that Segment (i.e. an entity cannot vote twice for a nominee within a Segment).

This ballot procedure is repeated for each Segment in which an entity is a member of the Registered Ballot Body. The ballot for each Segment is conducted independently from the ballots of other Segments. Only the entities in the Registered Ballot Body for a Segment may vote in that Segment.

The ballot period shall be announced to the Registered Ballot Body and to others that may be interested in standards for the reliability of North American Bulk Electric Systems. The PM shall post the announcement on the NERC web page and distribute the announcement to applicable NERC e-mail lists.

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<sup>3</sup> Information items 3–5 are provided automatically from the nominee during registration.



The ballot period shall remain open for ten calendar days from the announced opening of the ballot period, at which time the ballot period shall be closed.

Votes may be cast by the Registered Ballot Body Representative for each entity, or a proxy designated by the representative. An entity may vote in each Segment in which it is registered.

Ballot results shall remain confidential during the ballot period. As soon as practical after the close of the ballot period, the PM shall publicly post the election results for each Segment (i.e. the names of elected members and slates for any run-off elections that may be required).

## Election Formula

The elected Standards Committee member for each Segment shall be the nominee receiving the highest total number of votes, with the condition that the nominee must receive a vote from a simple majority of the entities casting a vote in that Segment. If the election is being held for two positions in a Segment, the nominees receiving the highest and second highest number of votes shall be elected, with the condition that each nominee must receive a vote from a simple majority of the entities casting a vote in that Segment.<sup>4</sup> In this case, if only one of the two nominees meets these criteria, then that nominee shall be deemed elected.

In the event that the election is incomplete in a Segment's first ballot (no candidate or only one candidate meets the criteria), then a second ballot will be conducted in that Segment, using a process similar to that previously described. If two positions are remaining to be filled in the second ballot, the slate of candidates shall consist of the four candidates receiving the highest number of votes in the first ballot. If one position is remaining to be filled in the second ballot, the slate shall consist of the two candidates receiving the highest number of votes. A candidate who was elected in the first ballot is considered elected and is excluded from the second ballot. In the event of a tie that precludes choosing the top four (or two) candidates, the slate will be expanded to include those candidates that are tied.

After the second ballot in the Segment, the candidate(s) receiving the highest number of votes shall be elected to fill the remaining position(s) in that Segment.

In the event of a tie between two or more candidates after a second ballot, a run-off ballot may be used to break the tie. The position shall remain vacant until the tie is broken by the Segment.

## Representation from Canada

To achieve balance of representation between the United States and Canada on the basis of Net Energy for Load (NEL), the following special procedure shall apply:

1. If any regular election of Standards Committee members does not result in at least two Canadian members being elected, the Canadian nominees receiving the next highest percentage of votes within their respective Segment(s) will be designated as members, as needed to achieve a total of two Canadian members;
2. Each such specially designated Canadian member of the Standards Committee shall have a one year term, as the Standards Committee holds elections each year and special designation of members should not interfere with the regular election process;

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<sup>4</sup> Each entity in the Segment is allowed to cast two votes. This criterion means that more than fifty percent (>50%) of the entities cast one of their votes for that nominee.

3. If any Segment has an unfilled position following the annual Standards Committee election, the first preference is to assign each specially designated Canadian representative to an unfilled Segment for which he or she qualifies;
4. Any such specially designated members of the Standards Committee shall have the same rights and obligations as all other members of the Standards Committee;
5. For the purpose of the Standards Committee election process, Canadian representation shall be defined as: any company or association incorporated in Canada, any agency of a federal, provincial, or local government in Canada, or any person with Canadian citizenship who is residing in Canada.

## **Special Elections**

The Standards Committee's officers shall determine the need for a special election to fill a vacant Standards Committee position between regular elections considering, among other things, the timing of the last and the next regular election. If a need is determined, the Standards Committee officers shall communicate a request to the director of standards, who shall initiate a process to conduct the election. The PM shall post a request for nominations on the NERC web page and distribute the announcement to applicable NERC e-mail lists, e.g., the Registered Ballot Body of the Segment(s) involved. The election will be held 30 days after the announcement and shall use the same election process and formula employed in regular elections. The Board of Trustees shall be notified of the election results.

## **Alternative Procedures**

This procedure is provided as the default method for Segments to elect representatives to the Standards Committee. Alternative procedures may be used by a Segment, or jointly by several Segments. Such a procedure shall be consistent with the principles noted in this document. Such a procedure shall be ratified by at least two-thirds of the Registered Entities in each Segment in which it will be applied, and is subject to review by the NERC Board.

Attachment 2-B

Appendix 3B, Procedure for Election of Members of the Standards Committee  
Redline to Last Approved

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# Procedure for Election of Members of the Standards Committee

Effective ~~October 4, 2013~~ TBD

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# Procedure for Election of Members of the Standards Committee

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## Purpose

This procedure is provided for use by the NERC standards Registered Ballot Body to facilitate the election of industry Segment<sup>1</sup> representatives to the NERC Standards Committee. This procedure is a default process that is available, on a voluntary basis, for the benefit of all Segments of the Registered Ballot Body. The use of alternative procedures is described in a later section.

## Responsibilities for This Procedure

The NERC Board of Trustees provides oversight of the election of Standards Committee members. The Board provides the authority for approval of this procedure and any revisions thereto, and monitors any Segment-specific procedures that may be developed to ensure they are consistent with established principles.

The Standards Committee shall be responsible for advising the Board regarding the use of this procedure or any revisions to the procedure.

Each Registered Ballot Body entity shall be responsible for actively participating in the nomination and election of Standards Committee representatives for each Segment in which the entity is a member.

NERC shall designate a member of its standards staff to serve as ~~The-the~~ standards ~~process-procedure~~ manager (SPMPM) ~~shall-responsible for~~ administering the implementation and maintenance of this procedure.

## Guiding Principles

This procedure supports a Reliability Standards development process that is open, inclusive, balanced, and fair. This procedure shall be interpreted in a manner that is consistent with NERC's mission of promoting the reliability of the North American Bulk Electric Systems, NERC Standard Processes Manual, NERC's reliability and market interface principles, and maintaining good standing as a standards developer accredited by the American National Standards Institute.

## Standards Committee Membership

Each valid<sup>2</sup> Segment shall be eligible to elect two voting members to represent the Segment on the Standards Committee. A Registered Entity may provide only one Standards Committee member, irrespective of the number of Segments in which the entity is registered. Each representative that is elected by a Segment to fill one of those positions shall serve on behalf of the Registered Ballot Body entities in that Segment. An eligible position on the Standards Committee that is not filled by a Segment shall be shown as vacant and shall not be counted in the determination of a quorum. Each elected member of the Standards Committee (except for the officers who do not vote) shall carry one vote.

## Standards Committee Membership Term

The Standards Committee reports to the NERC Board of Trustees and is responsible for managing the NERC Standard Processes Manual and other duties as assigned by the Board.

The Standards Committee also serves for the benefit of the members of the Registered Ballot Body and is accountable to them through election by the Segment representatives. Standards Committee membership shall be for a term of

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<sup>1</sup> Industry Segment criteria and a list of entities in the NERC standards Registered Ballot Body are provided on the NERC web site. In this procedure, the term "Segment" shall mean one of the currently defined industry Segments.

<sup>2</sup> Validity is determined by established Segment criteria, including the minimum number of entities in a Segment.

two years, with members' terms staggered such that half of the member positions (one per Segment) are refilled each year by Segment election. Prior to the end of each term, nominations will be received and an election held in accordance with this procedure, or a qualified Segment procedure, to elect Standards Committee representatives for the next term. There is no limit on the number of two-year terms that a member of the Standards Committee may serve, although the setting of limits in the future is not precluded.

## Standards Committee Officers

Approximately 90 days prior to the end of each term, the Standards Committee shall elect a chairman and vice chairman (from among its members by majority vote of the members of the Standards Committee) to serve as officers and preside over the business of the Standards Committee for the following two years. The officers shall serve a term of two years, starting in January of the following year, without limit on the number of terms an officer may serve, although the setting of limits in the future is not precluded. The chairman and vice chairman shall serve as non-voting members of the Standards Committee. The [SPMPPM](#) serves as a non-voting member and secretary of the Standards Committee.

The vacancies in the Segments and/or Canadian representation created by the selection of the chair and vice chair shall be filled at the annual election of representatives to the Standards Committee that is next held following the election of the chairman and vice chairman. When a representative is elected to serve as the chairman or vice chairman during the second year of a two year term, the representative elected to fill the vacancy shall serve a one year term.

## Standards Committee Scope and Conduct of Business

The Standards Committee conducts its business in accordance with a separate scope document, the Standard Processes Manual, other applicable NERC procedures, and procedures that the Standards Committee itself may develop. This procedure addresses the nomination and election of members of the Standards Committee and is not intended to otherwise establish or limit the scope, authorities, or procedures of the Standards Committee.

## Segment Representative Nominations

Approximately 90 days prior to the start of each term and after the election of officers, the [SPMPPM](#) shall request nominations to fill Standards Committee positions that will become open with the expiration of the current term.

Notice of the nominations process shall be announced to the Registered Ballot Body and to others that may be interested in standards for the reliability of North American Bulk Electric Systems. The [SPMPPM](#) shall post the announcement on the NERC web page and distribute the announcement to applicable NERC e-mail lists. The announcement shall include a brief description of the responsibilities of the Standards Committee and estimates of the work effort and travel expected of Standards Committee members.

Any person or entity may submit a nomination. Self-nominations are encouraged.

To be eligible for nomination, a nominee shall be an employee or agent of an entity registered in the applicable Segment. To allow verification of affiliation, a nominee shall be a registered user in the NERC Registered Ballot Body. It is not required that the nominee be the same person as the entity's Registered Ballot Body representative for that Segment.

The [SPMPPM](#) shall provide a method for the submittal of nominations, preferably an on-line nominations form using internet protocols. The nomination form shall request the following information and other information that the [SPMPPM](#) deems necessary to completing the election process:

## Nomination Information

1. Segment for which the nomination is made.
2. Nominee name (selected from list of registrants).
3. Nominee job title.<sup>3</sup>
4. Nominee organization (must be an entity registered in the designated Segment).<sup>3</sup>
5. Nominee contact information: telephone, fax, e-mail, and mailing address.<sup>3</sup>
6. Nominee brief summary of qualifications related to serving on the Standards Committee (limited to a 3,000-character text box - approximately 500 words or one-page, single-spaced).
7. Indication (check box) that the nominee has been contacted and is willing to serve on the Standards Committee for a two-year term.
8. Person or entity making the nomination.
9. Contact information for person or entity making nomination: contact name, organization, telephone, fax, e-mail, and mailing address.

The [SPMPM](#) shall verify that each nomination received is complete and valid. The [SPMPM](#) may follow up with nominees to collect additional information.

In the event that multiple nominations are received for persons from a single entity within a Segment, that entity's representative shall determine which person will be the nominee from that entity.

The [SPMPM](#) shall post each nomination that is complete and valid. Each nomination shall be posted as soon as practical after it has been verified.

The nomination period shall remain open for 21 calendar days from the announced opening of the nominations, at which time the nominations shall be closed.

## Segment Representative Elections

The [SPMPM](#) shall prepare a slate of nominees for each Segment. The Segment slate shall consist of all valid nominations received for that Segment, without prejudice in the method of listing the slate.

The [SPMPM](#) shall provide an electronic ballot form for each Segment, listing the slate of nominees. Each Registered Ballot Body entity in a Segment may cast one vote per Standards Committee member position being filled (i.e. one vote if one position is being filled and two votes if two positions are being filled). In the case that an entity casts two votes within a Segment, each vote must be for a different candidate in that Segment (i.e. an entity cannot vote twice for a nominee within a Segment).

This ballot procedure is repeated for each Segment in which an entity is a member of the Registered Ballot Body. The ballot for each Segment is conducted independently from the ballots of other Segments. Only the entities in the Registered Ballot Body for a Segment may vote in that Segment.

The ballot period shall be announced to the Registered Ballot Body and to others that may be interested in standards for the reliability of North American Bulk Electric Systems. The [SPMPM](#) shall post the announcement on the NERC web page and distribute the announcement to applicable NERC e-mail lists.

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<sup>3</sup> Information items 3–5 are provided automatically from the nominee during registration.



The ballot period shall remain open for ten calendar days from the announced opening of the ballot period, at which time the ballot period shall be closed.

Votes may be cast by the Registered Ballot Body Representative for each entity, or a proxy designated by the representative. An entity may vote in each Segment in which it is registered.

Ballot results shall remain confidential during the ballot period. As soon as practical after the close of the ballot period, the [SPMPM](#) shall publicly post the election results for each Segment (i.e. the names of elected members and slates for any run-off elections that may be required).

## Election Formula

The elected Standards Committee member for each Segment shall be the nominee receiving the highest total number of votes, with the condition that the nominee must receive a vote from a simple majority of the entities casting a vote in that Segment. If the election is being held for two positions in a Segment, the nominees receiving the highest and second highest number of votes shall be elected, with the condition that each nominee must receive a vote from a simple majority of the entities casting a vote in that Segment.<sup>4</sup> In this case, if only one of the two nominees meets these criteria, then that nominee shall be deemed elected.

In the event that the election is incomplete in a Segment's first ballot (no candidate or only one candidate meets the criteria), then a second ballot will be conducted in that Segment, using a process similar to that previously described. If two positions are remaining to be filled in the second ballot, the slate of candidates shall consist of the four candidates receiving the highest number of votes in the first ballot. If one position is remaining to be filled in the second ballot, the slate shall consist of the two candidates receiving the highest number of votes. A candidate who was elected in the first ballot is considered elected and is excluded from the second ballot. In the event of a tie that precludes choosing the top four (or two) candidates, the slate will be expanded to include those candidates that are tied.

After the second ballot in the Segment, the candidate(s) receiving the highest number of votes shall be elected to fill the remaining position(s) in that Segment.

In the event of a tie between two or more candidates after a second ballot, a run-off ballot may be used to break the tie. The position shall remain vacant until the tie is broken by the Segment.

## Representation from Canada

To achieve balance of representation between the United States and Canada on the basis of Net Energy for Load (NEL), the following special procedure shall apply:

1. If any regular election of Standards Committee members does not result in at least two Canadian members being elected, the Canadian nominees receiving the next highest percentage of votes within their respective Segment(s) will be designated as members, as needed to achieve a total of two Canadian members;
2. Each such specially designated Canadian member of the Standards Committee shall have a one year term, as the Standards Committee holds elections each year and special designation of members should not interfere with the regular election process;

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<sup>4</sup> Each entity in the Segment is allowed to cast two votes. This criterion means that more than fifty percent (>50%) of the entities cast one of their votes for that nominee.

3. If any Segment has an unfilled position following the annual Standards Committee election, the first preference is to assign each specially designated Canadian representative to an unfilled Segment for which he or she qualifies;
4. Any such specially designated members of the Standards Committee shall have the same rights and obligations as all other members of the Standards Committee;
5. For the purpose of the Standards Committee election process, Canadian representation shall be defined as: any company or association incorporated in Canada, any agency of a federal, provincial, or local government in Canada, or any person with Canadian citizenship who is residing in Canada.

## Special Elections

The Standards Committee's officers shall determine the need for a special election to fill a vacant Standards Committee position between regular elections considering, among other things, the timing of the last and the next regular election. If a need is determined, the Standards Committee officers shall communicate a request to the director of standards, who shall initiate a process to conduct the election. The [SPMPM](#) shall post a request for nominations on the NERC web page and distribute the announcement to applicable NERC e-mail lists, e.g., the Registered Ballot Body of the Segment(s) involved. The election will be held 30 days after the announcement and shall use the same election process and formula employed in regular elections. The Board of Trustees shall be notified of the election results.

## Alternative Procedures

This procedure is provided as the default method for Segments to elect representatives to the Standards Committee. Alternative procedures may be used by a Segment, or jointly by several Segments. Such a procedure shall be consistent with the principles noted in this document. Such a procedure shall be ratified by at least two-thirds of the Registered Entities in each Segment in which it will be applied, and is subject to review by the NERC Board.

## Attachment 3

### Appendix 3D, Development of the Registered Ballot Body

Attachment 3-A

Appendix 3D, Development of the Registered Ballot Body  
Clean

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# Development of the Registered Ballot Body

Effective TBD

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3353 Peachtree Road NE  
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404-446-2560 | [www.nerc.com](http://www.nerc.com)

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# Development of the Registered Ballot Body<sup>1</sup>

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## Registration Procedures

The Registered Ballot Body comprises all organizations, entities, and individuals that:

1. Qualify for one of the Segments, and
2. Are registered with NERC as potential ballot participants in the voting on Reliability Standards, and
3. Are current with any designated fees.

Each participant, when initially registering to join the Registered Ballot Body, and annually thereafter,<sup>2</sup> shall self-select to belong to one of the Segments described below.

The NERC general counsel, or a designated member of its legal staff, will review all applications for joining the Registered Ballot Body, and make a determination of whether the self-selection satisfies at least one of the guidelines to belong to that Segment. The entity or individual will then be “credentialed” to participate as a voting member of that Segment. The Standards Committee will decide disputes, with an appeal to the Board of Trustees.

All registrations will be done electronically.

## Segment Qualification Guidelines

1. Except as set forth below, the Segment qualification guidelines are inclusive; i. e. , any entity or individual with a legitimate interest in the reliability of the Bulk Power System that can meet any one of the guidelines for a Segment is entitled to belong to and vote in that Segment.
2. Corporations or organizations with integrated operations or with affiliates that qualify to belong to more than one Segment (e. g. , Transmission Owners and Load Serving Entities) may belong to each of the Segments in which they qualify, provided that each Segment constitutes a separate membership and is represented by a different representative. Individuals or entities that elect to participate in Segment 8 are not eligible to participate in multiple Segments.
3. Affiliated entities may collectively be registered only once within a Segment. In the event a change in corporate or organizational structure results in merged or affiliated entities having more than one membership in a particular Segment, the merged or affiliated entities shall withdraw the additional memberships before joining any new ballot pools or voting on any standards action as part of an existing ballot pool.
4. Any individual or entity, such as a consultant or vendor, providing products or services related to Bulk Power System reliability within the previous 12 months to another entity eligible to join Segments 1, 3, 4, 5, 6 and 7 shall be qualified to join any one Segment for which one of the entities receiving those products or services is qualified.
5. Corporations, organizations, entities, and individuals may participate freely in all subgroups.
6. After their initial selection, registered participants may apply to change Segments annually, on a schedule determined by the Standards Committee.

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<sup>1</sup> The Segment qualification guidelines were proposed in the final report of the NERC Standing Committees Representation Task Force on February 7, 2002. The Board of Trustees endorsed the industry Segments and weighted Segment voting model on February 20, 2002 and may change the model from time to time.

<sup>2</sup> NERC may, after providing written notice, remove from the Registered Ballot Body a participant that does not complete the required annual self-selection process.

7. The qualification guidelines and rules for joining Segments will be reviewed periodically to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
8. Since all balloting of Reliability Standards will be done electronically, any registered participant may designate a proxy to vote on its behalf. There are no limits on how many proxies a person may hold. However, NERC must have in its possession, either in writing or by email, documentation that the voting right by proxy has been transferred.

## **Segments**

### ***Segment 1. Transmission Owners***

- a. Any entity that owns or controls at least 200 circuit miles of integrated transmission facilities, or has an Open Access Transmission Tariff or equivalent on file with a regulatory authority.
- b. Transmission Owners that have placed their transmission under the operational control of an RTO or ISO.
- c. Independent transmission companies or organizations, merchant transmission developers, and transcos that are not RTOs or ISOs.
- d. Excludes RTOs and ISOs that are eligible to join to Segment 2.

### ***Segment 2. Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs)***

- a. Any entity authorized by appropriate governmental authority to operate as an RTO or ISO.

### ***Segment 3. Load-Serving Entities (LSEs)***

- a. Entities serving end-use customers under a regulated tariff, a contract governed by a regulatory tariff, or other legal obligation to serve.
- b. A member of a generation and transmission (G&T) cooperative or a joint-action agency is permitted to designate the G&T or joint-action agency to represent it in this Segment; such designation does not preclude the G&T or joint-action agency from participation and voting in another Segment representing its direct interests.
- c. Agents or associations can represent groups of LSEs

### ***Segment 4. Transmission Dependent Utilities (TDUs)***

- a. Entities with a regulatory, contractual, or other legal obligation to serve wholesale aggregators or customers or end-use customers and that depend primarily on the transmission systems of third parties to provide this service.
- b. Agents or associations can represent groups of TDUs.

### ***Segment 5. Electric Generators***

- a. Affiliated and independent generators, including variable and other renewable resources.



- b. A corporation that sets up separate corporate entities for each one or more generating plants in which it is involved may only have one vote in this Segment regardless of how many single-plant or multiple-plant corporations the parent corporation has established or is involved in.
- c. Agents or associations can represent groups of electrical generators.

***Segment 6. Electricity Brokers, Aggregators, and Marketers***

- a. Entities serving end-use customers under a power marketing agreement or other authorization not classified as a regulated tariff.
- b. An entity that buys, sells, or brokers energy and related services for resale in wholesale or retail markets, whether a non-jurisdictional entity operating within its charter or an entity licensed by a jurisdictional regulator.
- c. G&T cooperatives and joint-action agencies that perform an electricity broker, aggregator, or marketer function are permitted to belong to this Segment.
- d. Agents or associations can represent groups of electricity brokers, aggregators, or marketers.
- e. This Segment also includes demand-side management providers.

***Segment 7. Large Electricity End Users***

- a. At least one service delivery taken at 50 kV (radial supply or facilities dedicated to serve customers) that is not purchased for resale.
- b. A single customer with an average aggregated service Load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility.
- c. Agents or associations can represent groups of large end users.

***Segment 8. Small Electricity Users***

- a. Service taken at below 50 kV.
- b. A single customer with an average aggregated service Load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility.
- c. Agents, state consumer advocates, or other advocate groups can represent groups of small customers.
- d. Any entity or individual currently employed by an entity that is eligible to join one or more of the other nine Segments, shall not be qualified to join Segment 8.
- e. Any individual or entity, such as a consultant, employee or vendor, providing products or services related to Bulk Power System reliability within the previous 12 months to another entity eligible to join Segments 1, 3, 4, 5, 6 and 7, including trade associations representing such Segments, shall be qualified to join any one Segment for which one of the entities receiving those products or services is qualified and shall not be eligible to join Segment 8.

***Segment 9. Federal, State, and Provincial Regulatory or other Government Entities***

- a. Does not include federal power management agencies or the Tennessee Valley Authority.
- b. May include public utility commissions.

***Segment 10. Regional Entities***

- a. Any entity that is a Regional Entity.

## Attachment 3-B

### Appendix 3D, Development of the Registered Ballot Body Redline to Last Approved

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# Development of the Registered Ballot Body

Effective ~~March 9, 2018~~ TBD

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# Development of the Registered Ballot Body<sup>1</sup>

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## Registration Procedures

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2. Corporations or organizations with integrated operations or with affiliates that qualify to belong to more than one Segment (e. g. , Transmission Owners and Load Serving Entities) may belong to each of the Segments in which they qualify, provided that each Segment constitutes a separate membership and is represented by a different representative. Individuals or entities that elect to participate in Segment 8 are not eligible to participate in multiple Segments.
3. At any given time, affiliated entities may collectively be registered only once within a Segment. In the event a change in corporate or organizational structure results in merged or affiliated entities having more than one membership in a particular Segment, the merged or affiliated entities shall withdraw the additional memberships before joining any new ballot pools or voting on any standards action as part of an existing ballot pool.
4. Any individual or entity, such as a consultant or vendor, providing products or services related to Bulk Power System reliability within the previous 12 months to another entity eligible to join Segments 1, 3, 4, 5, 6 and 7 shall be qualified to join any one Segment for which one of the entities receiving those products or services is qualified.
5. Corporations, organizations, entities, and individuals may participate freely in all subgroups.
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<sup>1</sup> The Segment qualification guidelines were proposed in the final report of the NERC Standing Committees Representation Task Force on February 7, 2002. The Board of Trustees endorsed the industry Segments and weighted Segment voting model on February 20, 2002 and may change the model from time to time.

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7. The qualification guidelines and rules for joining Segments will be reviewed periodically to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
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- c. Independent transmission companies or organizations, merchant transmission developers, and transcos that are not RTOs or ISOs.
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- b. A member of a generation and transmission (G&T) cooperative or a joint-action agency is permitted to designate the G&T or joint-action agency to represent it in this Segment; such designation does not preclude the G&T or joint-action agency from participation and voting in another Segment representing its direct interests.
- c. Agents or associations can represent groups of LSEs

### ***Segment 4. Transmission Dependent Utilities (TDUs)***

- a. Entities with a regulatory, contractual, or other legal obligation to serve wholesale aggregators or customers or end-use customers and that depend primarily on the transmission systems of third parties to provide this service.
- b. Agents or associations can represent groups of TDUs.

### ***Segment 5. Electric Generators***

- a. Affiliated and independent generators, including variable and other renewable resources.

- b. A corporation that sets up separate corporate entities for each one or more generating plants in which it is involved may only have one vote in this Segment regardless of how many single-plant or multiple-plant corporations the parent corporation has established or is involved in.
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- a. Entities serving end-use customers under a power marketing agreement or other authorization not classified as a regulated tariff.
- b. An entity that buys, sells, or brokers energy and related services for resale in wholesale or retail markets, whether a non-jurisdictional entity operating within its charter or an entity licensed by a jurisdictional regulator.
- c. G&T cooperatives and joint-action agencies that perform an electricity broker, aggregator, or marketer function are permitted to belong to this Segment.
- d. Agents or associations can represent groups of electricity brokers, aggregators, or marketers.
- e. This Segment also includes demand-side management providers.

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- b. A single customer with an average aggregated service Load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility.
- c. Agents or associations can represent groups of large end users.

***Segment 8. Small Electricity Users***

- a. Service taken at below 50 kV.
- b. A single customer with an average aggregated service Load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility.
- c. Agents, state consumer advocates, or other advocate groups can represent groups of small customers.
- d. Any entity or individual currently employed by an entity that is eligible to join one or more of the other nine Segments, shall not be qualified to join Segment 8.
- e. Any individual or entity, such as a consultant, employee or vendor, providing products or services related to Bulk Power System reliability within the previous 12 months to another entity eligible to join Segments 1, 3, 4, 5, 6 and 7, including trade associations representing such Segments, shall be qualified to join any one Segment for which one of the entities receiving those products or services is qualified and shall not be eligible to join Segment 8.



***Segment 9. Federal, State, and Provincial Regulatory or other Government Entities***

- a. Does not include federal power management agencies or the Tennessee Valley Authority.
- b. May include public utility commissions.

***Segment 10. Regional Entities***

- a. Any entity that is a Regional Entity. ~~It is recognized that there may be instances in which an entity is both an RTO or ISO and a Regional Entity. In such a case, the two functions must be sufficiently independent to meet NERC's Rules of Procedure and applicable regulatory requirements, as evidenced by the approval of a Regional Entity delegation agreement. Without such an approval, the entity shall be limited to choosing to enter one Segment or the other, but not both.~~