

July 30, 2013

**VIA ELECTRONIC FILING**

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

**Re: Analysis of NERC Standard Process Results, Second Quarter 2013  
Docket Nos. RR06-1-000, RR09-7-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”) hereby submits its Analysis of NERC Standards Process Results for the Second Quarter 2013 (“Ballot Results Analysis”). This filing is submitted in response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) January 18, 2007 Order<sup>1</sup> requiring NERC to closely monitor and report the voting results for NERC Reliability Standards each quarter for three years and the Commission’s subsequent order issued on September 16, 2010, whereby the Commission renewed and expanded on its directive for an additional three years.<sup>2</sup>

The Ballot Results Analysis is attached hereto and addresses ballot results during the April 1, 2013 through June 30, 2013 timeframe, and includes NERC’s analysis of the voting results, including trends and patterns of stakeholder approval of NERC Reliability Standards. NERC requests that the Commission accept this compliance filing in accordance with the directive in the September 16, 2010 Order to submit quarterly reports for an additional three years from the date of the order.

Respectfully submitted,

/s/ Stacey Tyrewala  
Stacey Tyrewala

*Senior Counsel for North American Electric  
Reliability Corporation*

cc: Official service list in Docket No. RR06-1-000; RR09-7-000

<sup>1</sup> Order on Compliance Filing, 118 FERC ¶ 61,030 at P 18 (2007).

<sup>2</sup> Order on the Electric Reliability Organization’s Three-Year Performance Assessment, 132 FERC ¶ 61,217 at P 85 (2010).

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# Analysis of NERC Standards Process Results

Second Quarter 2013

**RELIABILITY | ACCOUNTABILITY**



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## Introduction

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### Background: NERC's Revised Processes for Developing Standards

NERC develops Reliability Standards in accordance with Section 300 of its Rules of Procedure and the NERC *Standard Processes Manual* ("SPM"), which is included as Appendix 3A to the NERC Rules of Procedure.<sup>1</sup> Revisions to the SPM were approved by the Federal Energy Regulatory Commission ("FERC" or the "Commission") on June 26, 2013.<sup>2</sup>

NERC is using the experience gained through implementing the current and past versions of the SPM to foster the success of future changes. However, many of the standards projects currently in development either were initiated under the predecessor processes and continued under the SPM, or were initiated under the SPM but have not yet been completed.

### This Report

This report is responsive to directives from FERC directing NERC to monitor, analyze, and report on the results of its standards development process.<sup>3</sup>

At the end of each calendar quarter, NERC updates this report by incorporating results from the most recent calendar quarter, to monitor and report progress on improvements to various aspects of the standards development process. The first section of this report provides an overview and analysis of ballots conducted during the second quarter of 2013. The second section compares timelines for the projects balloted in the second quarter of 2013 against baselines provided in the report filed on January 31, 2011, based on the time required to complete each phase of standards development. The comparison to the historical baselines is responsive to the Commission's directive to analyze the time required to complete each phase of the standards development process. NERC staff and the Standards Committee use this analysis to monitor successes and to identify opportunities for improvements.

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

<sup>2</sup> North American Electric Reliability Corporation, *Order Approving Revisions to Standard Processes Manual*, 143 FERC ¶ 61,273 (2013).

<sup>3</sup> See *Order on Compliance Filing*, 118 FERC ¶ 61,030 (2007). See also, *Order on the Electric Reliability Organization's Three-Year Performance Assessment*, 132 FERC ¶ 61,217 at P 85 (2010) ("Three-Year Assessment Order"). Specifically, the Three-Year Assessment Order directed NERC to analyze:

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

## Analysis of Q2 2013 Standards Ballot Results

From April 1, 2013 through June 30, 2013, NERC conducted ballots for four projects encompassing five standards. In addition, NERC conducted three non-binding polls of Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”).

Of the four projects with ballots conducted in the second quarter of 2013, one project (NERC Glossary revisions) was adopted by the NERC Board of Trustees in May 2013. The other three projects were ongoing at the end of the second quarter of 2013.

Table 1 summarizes these ballot events. A complete record for each project is available on NERC’s website on the Ballot Results webpage.<sup>4</sup>

**Table 1**

Project Type <sup>5</sup>	Project Number & Name	Q2 Ballot Events	Standard(s) Balloted	Status	Ballot Results
<b>New</b>	Project 2010-13.2 — Phase 2 of Relay Loadability: Generation	Successive Ballot and Non-binding Poll	PRC-025-1	Ongoing	Quorum: 81.25% Approval: 69.23%
<b>New</b>	2007-02 – Operating Personnel Communications Protocols	Successive Ballot and Non-binding Poll	COM-003-1	Ongoing	Quorum: 78.39% Approval: 57.50%
<b>Revision</b>	Project 2010-14.1 Phase 1 of Balancing Authority Reliability-based Controls: Reserves	Initial Ballot and Non-binding Poll	BAL-001-2 BAL-002-2 BAL-013-1	Ongoing	BAL-001-2: Quorum: 88.60% Approval: 66.98%  BAL-002-2

<sup>4</sup> The Ballot Results webpage is available at: <https://standards.nerc.net/Ballots.aspx>.

<sup>5</sup> Appendix A to this report provides a brief description of each type of standards project.

Project Type <sup>5</sup>	Project Number & Name	Q2 Ballot Events	Standard(s) Balloted	Status	Ballot Results
					Quorum: 88.51% Approval: 42.75%  BAL-013-1 Quorum: 88.51% Approval: 23.84%
<b>Revision</b>	Project 2012-08.1 — Phase 1 of Glossary Updates: Statutory Definitions	Recirculation Ballot		BOT Approved: May 9, 2013	Quorum: 80.70% Approval: 88.15%

Additional details for the four projects balloted in the second quarter of 2013 are provided below:

- Project 2010-13.2 — Phase 2 of Relay Loadability: Generation — PRC-025:** In Order No. 733, the Commission directed NERC to address three areas of relay loadability that include modifications to the approved PRC-023-1, developing a new Reliability Standard to address generator protective relay loadability, and developing another Reliability Standard to address the operation of protective relays due to power swings. This project's SAR addresses these directives and establishes a three-phase approach to standard development.

Phase 1 was focused on making the specific modifications to PRC-023-1 and was completed in the approved PRC-023-2 Reliability Standard, which became enforceable on July 1, 2012. Phase 2 is focused on developing a new Reliability Standard, PRC-025-1 – Generator Relay Loadability, to address generator protective relay loadability. This Reliability Standard establishes requirements for the Generator Operator functional entity to set protective relays at a level such that generating units do not trip during system disturbances that are not damaging to the generator, thereby unnecessarily removing the generator from service. Phase 3 will follow the completion of Phase 2, and will focus on developing requirements that address protective relay operations due to stable power swings.

- **Project 2007-02 — Operating Personnel Communications Protocols — COM-003:**

The purpose of this project is to establish communication protocols to be used during normal and emergency operations.

There are two projects that include the modification of the COM family of standards in the scope of their SAR. Project 2007-02 – Operating Personnel Communications Protocols, is concerned with communication protocols for normal and emergency operations (COM-003-1). Project 2006-06 – Reliability Coordination, is concerned with ensuring that the reliability-related requirements applicable to the Reliability Coordinator are clear, measurable, unique, enforceable, and sufficient to maintain reliability of the Bulk Electric System (COM-002-3).

- **Project 2010-14.1 — Phase 1 of Balancing Authority Reliability-based Controls: Reserves BAL-001-2, BAL-002-3, and BAL-013-1:**

The NERC Standards Committee approved the merger of Project 2007-05 Balancing Authority Controls and Project 2007-18 Reliability-based Control as Project 2010-14 Balancing Authority Reliability-based Controls on July 28, 2010. The NERC Standards Committee also approved the separation of Project 2010-14 Balancing Authority Reliability-based Controls into two phases and moved Phase 1 (Project 2010-14.1 Balancing Authority Reliability-based Controls - Reserves) into formal standards development on July 13, 2011. Project 2010-14.1 Phase 1 proposed revisions to BAL-001-0.1a Real Power Balancing Control Performance and BAL-002-1 Disturbance Control Performance. The project also initially proposed two new standards, BAL-012-1 Operating Reserve Policy and BAL-013-1 Large Loss of Load Performance. Based on industry comments received during the initial ballot of BAL-012-1 in the first quarter of 2013, the drafting team elected not to continue further development of the proposed BAL-012-1 standard and include any requirements needed for reliability in the remaining standards in this project. BAL-001-2, BAL-002-2, and BAL-013-1 were balloted during the second quarter of 2013 as an initial ballot and non-binding poll and will continue as an ongoing project.

- **Project 2012-08.1 — Phase 1 of Glossary Updates: Statutory Definitions:** Phase 1 of the project involved modifying the NERC Glossary to include the statutory definitions of the Bulk-Power System, Reliability Standard, and Reliable Operation in the NERC Glossary of Terms used in Reliability Standards.

The proposed definitions for Bulk-Power System, Reliability Standard, and Reliable Operation are nearly identical to the definitions found in Section 215 of the Federal Power Act, with slight modifications necessary to reflect NERC's international status as the Electric Reliability Organization ("ERO").

## Q2 2013 Ballots and Comparison to Baseline Data

In the version of this report filed on January 31, 2011, NERC provided baselines for each phase of development for standards projects. These baselines were established by grouping all NERC standards projects from 2006 through 2010 into four categories (new standards, revisions to existing standards, expedited projects, and interpretations) and then averaging the times for each phase of development within each group. Averages were developed by projects without consideration to the number of standards associated with each project.

In this section of the report, NERC compares the projects balloted each quarter against these baselines to identify trends in the time required for various phases of standards development. As noted, during the second quarter of 2013, NERC conducted ballots of four projects encompassing five standards and revisions to the NERC Glossary to include three statutory definitions. Only standards balloted during the second quarter of 2013 are included in the charts below.

Chart 1 compares the development phases for the standards revision project, Project 2010-14.1— Phase 1 of Balancing Authority Reliability-based Controls: Reserves, against the existing baseline.

Chart 1

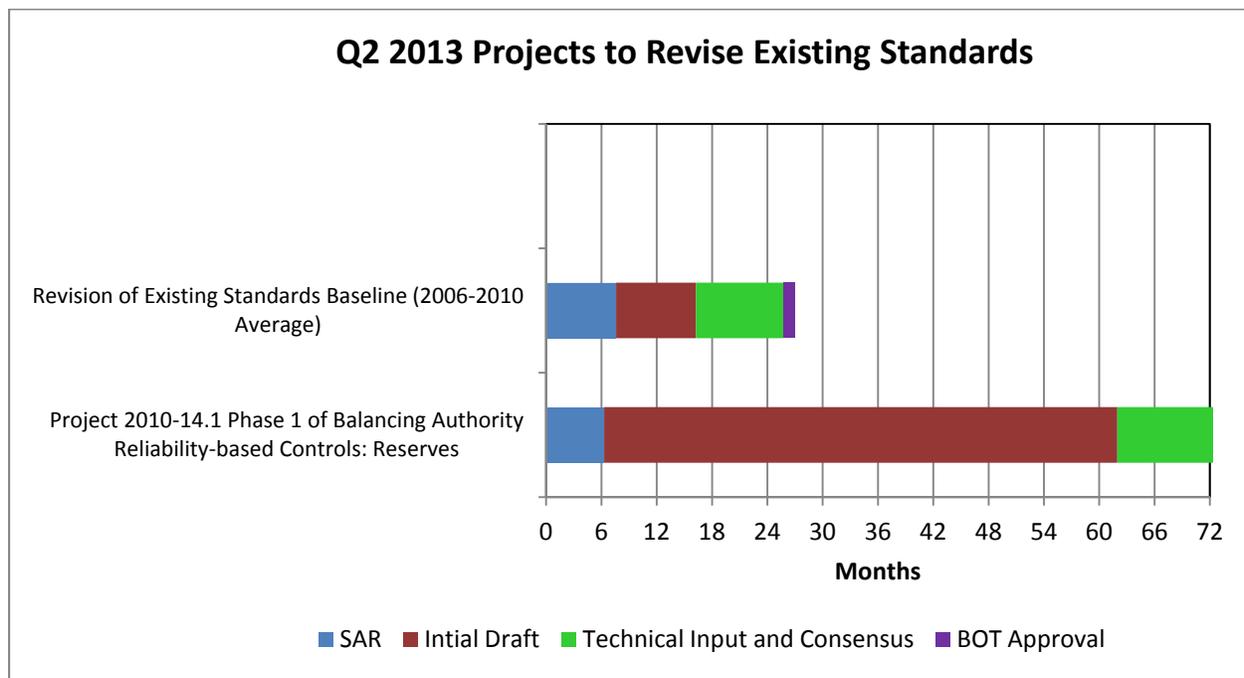
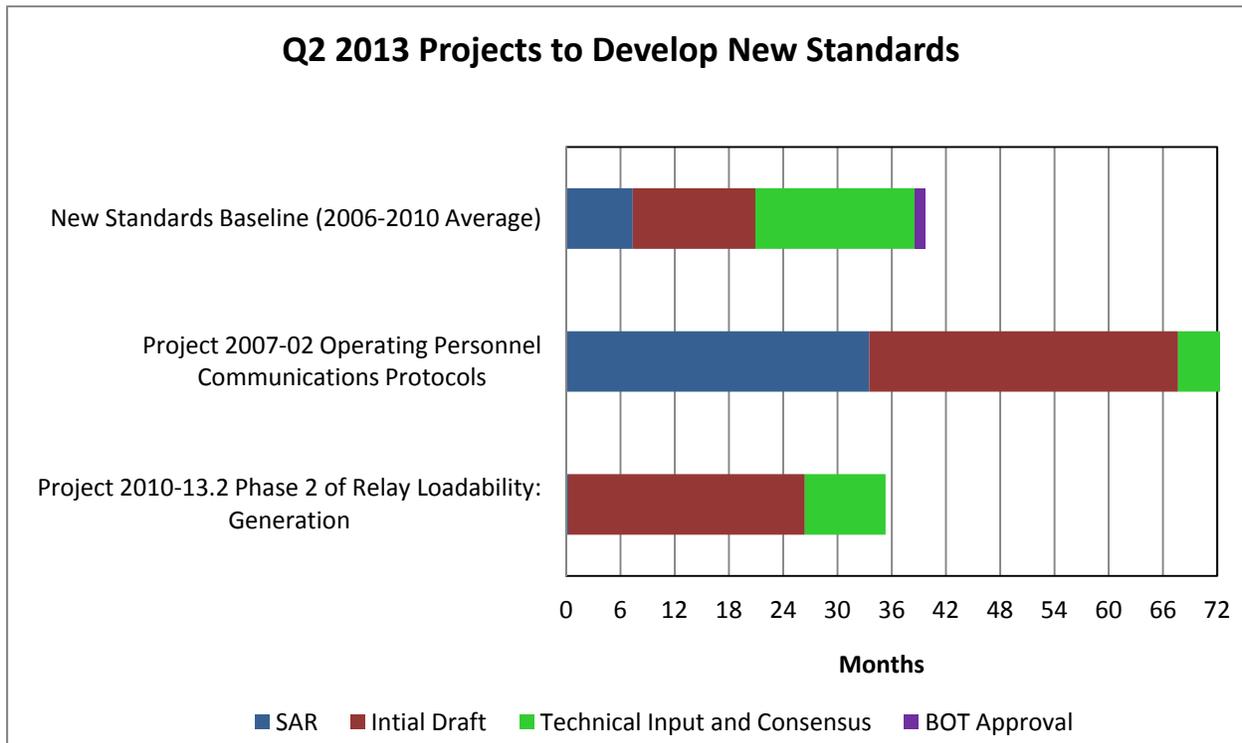


Chart 2 compares the phases of the two projects to develop new standards that were balloted in the second quarter against the baseline for all such projects balloted between 2006 and 2010.

Chart 2



**SAR Development Phase.** The SAR Development phase measures the initial draft of the SAR to the SC acceptance of the posted SAR. For Project 2010-13.2 and Project 2010-14.1, the SAR development phase was completed in less than seven months. In comparison, from 2006 to 2010, SAR development times averaged seven and a half months for a project to develop new standards and eight months for revision projects. Therefore, the SAR development period for projects balloted in the second quarter of 2013 decreased as a result of the efforts made to gain consensus prior to SAR development.

**Initial Draft Phase.** The initial draft development phase measures the acceptance of the SAR to the posting of the initial draft for comment.

The 2006-2010 baseline for the initial draft phase was just under nine months for revision projects and approximately 14 months for new standards projects. All projects during this period took longer than the baseline to complete.

Overall, changes proposed to the drafting team makeup for 2013 and beyond should make the development of an initial draft more efficient; drafting teams will be smaller and more agile and may be in a better position to develop drafts quickly with the informal participation of other industry subject matter experts.

**Technical Input Phase.** Drafting teams seek technical input from the industry through the formal and informal posting periods. Between each posting, the drafting team reviews the feedback received from stakeholders and makes revisions to the standard(s). For a formal posting, drafting teams are also required to respond to each stakeholder comment under the SPM in effect during the second quarter of 2013. Thus, the technical input phase includes periods of time when standards and associated documents are posted for industry review – typically either for 30 or 45 days – alternating with periods of time during which the drafting team is reviewing the input provided, revising the standards and associated documents, and preparing both individual and summary responses to the comments received. The technical input phase is essentially a highly organized dialogue between the drafting team and other industry stakeholders.

The 2006-2010 baseline for the technical input phase was just over nine months for revision projects and just under 18 months for new standard projects. The technical input phases for Project 2010-13.2: Phase 2 of Relay Loadability: Generation and Project 2007-02 Operating Personnel Communications Protocols are ongoing, but are on track to take less time than the baseline to complete. The technical input phase for Project 2010-14.1: Phase 1 of Balancing Authority Reliability-based Controls is ongoing, but is currently a few months beyond the baseline for revision projects.

In 2013 and beyond, the current Standard Processes Manual, effective June 26, 2013, will reduce some of the burden on drafting teams during the technical input phase without eliminating the requirement to review and consider each industry comment. That change, combined with the increased focus on informal consensus building in early stages of the development process, will help reduce the time spent during the formal technical input process.

**Board of Trustee Adoption.** The baseline period between ballot pool approval of a standard and Board adoption of the standard is approximately five weeks. The period of time between ballot pool approval of a standard and Board adoption can vary based on the Board's fixed schedule of face-to-face meetings. All three standards projects are ongoing and have not yet reached this phase.

**Filing with Regulatory Authorities.** During the second quarter of 2013, eight filings to FERC were made for standards projects that required Board adoption.

- On May 30, 2013, a Petition for Approval of Five Proposed Reliability Standards MOD-025-2, MOD-026-1, MOD-027-1, PRC-019-1, PRC-024-1. *Docket No. RM13-16-000.*

- On May 10, 2013, a Petition for Approval of the NERC Glossary Terms “Bulk-Power System,” “Reliable Operation” and Reliability Standard” was submitted. *Docket No. RD13-10-000.*
- On April 26, 2013, a Joint Petition of NERC and SPP RE for Approval of Proposed Regional Reliability Standard PRC-006-SPP-01 – Automatic Underfrequency Load Shedding was submitted. *Docket No. RD13-9-000.*
- On April 16, 2013, a Petition for Approval of Proposed Reliability Standards IRO-001-3, IRO-002-3, IRO-005-4, and IRO-014-2 was submitted. *Docket No. RM13-15-000.*
- On April 16, 2013, a Petition for Approval of Three Transmission Operation Standards (TOP-001-2, TOP-002-3, TOP-003-2), One Protection and Control Reliability Standard (PRC-001-2), and Retirement of Nine Existing Reliability Standards and One Requirement from an Existing Reliability Standard was submitted. *Docket No. RM13-14-000.*
- On April 12, 2013, a Petition for Approval of an Interpretation to TPL-003-0a and TPL-004-0 was submitted. *Docket No. RD13-8-000.*
- On April 12, 2013, a Joint Petition of NERC and WECC for Approval of BAL-002-WECC-2 – Contingency Reserve was submitted. *Docket No. RM13-13-000.*
- On April 5, 2013, a Petition for Approval of Proposed Reliability Standard TOP-006-3 – Monitoring System Conditions (Rapid Revision) was submitted. *Docket No. RM13-12-000.*

## Conclusion

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In the second quarter of 2013, NERC filed eight projects with the Commission and continues its work to bring all outstanding projects to a close, some of which have been in progress for several years.

The recent approval of the revised Standard Processes Manual signifies NERC's continued effort to improve the overall efficiency of the standard development process. The revisions enable a more efficient use of industry resources and allow for greater flexibility in the development of standards. NERC used the informal consensus building for many projects included in the 2013-2015 Reliability Standards Development Plan and anticipates balloting the standards in these projects in the third quarter of 2013.

NERC will continue to strive towards streamlined efficiency to produce outstanding results-based standards.

## Appendix A

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### Types of Standards Projects

For the purpose of analyzing results of its standards processes, NERC has identified four broad categories of standards projects.

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

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

The third category is **Urgent Action/Expedited Projects**.<sup>6</sup> Urgent Action or Expedited Projects are shortened by reducing the time for certain process steps, or by allowing steps that would normally proceed serially to be conducted in parallel. By definition, these projects are expected to have a shorter development time, on average, than most standards projects. On average, the development time for Urgent Action and Expedited Projects from 2006 through 2010 was a little more than 7 months.

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

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<sup>6</sup> Prior to September 2010, the NERC *Reliability Standards Development Procedure* incorporated a process used for developing a standard more quickly than the normal standard development process, which was referred to as the Urgent Action Process. FERC's approval of the *Standard Processes Manual* in September 2010 replaced the Urgent Action process with the Expedited Standards Development Process. The *Standard Processes Manual* approved by FERC in June 2013 no longer includes this process.