

# Agenda

## Standards Committee Process Subcommittee Meeting

September 17, 2019 | 1:00–5:00 p.m. Central

Kansas City Power & Light Offices  
1200 Main Street, 1st Floor  
Kansas City, MO 64105

Dial-in/Login Information: Dial-in: 1-415-655-0002 | Access Code: 738 678 975

Click here to: [WebEx Meeting](#)

### Introduction and Chair's Remarks

**NERC Antitrust Compliance Guidelines and Public Announcement\***  
**NERC Participant Conduct Policy**

### Agenda Items

- 1. Review Meeting Agenda — Approve**
- 2. Consent Agenda — Approve**
  - a. June 25, 2019 Standards Committee Process Subcommittee (SCPS) Meeting Minutes\*
- 3. Review SCPS Work Plan\* — Discuss (S. Bodkin)**
- 4. Standards Resource Document\* — Discuss (L. Oelker)**
- 5. Projects — Updates**
  - a. Reference Inventory Project (J. Flandermeyer)
  - b. Drafting Team Reference Manual (L. Oelker)
- 6. Submit Recommendations To The Standards Committee\* — Endorse (S. Bodkin)**
  - a. Retire SC Procedure – Approving Errata in an Approved Reliability Standard (January 15, 2010)
  - b. Approve revised SC Guidance Document – Management of Remanded Interpretations (April 19, 2014)\*
  - c. Approve revised SC document – Acceptance Criteria of a Reliability Standard (Quality Objectives) (May 16, 2014)\*
- 7. Standards Committee Meeting (July, August, September) — Report (S. Bodkin)**
- 8. Discussion — (All)**
  - a. Potential new project(s)

**9. Review of Actions/Assignments — (A. McMeekin)**

**10. Future Meetings**

- a. Meetings in coordination with Standards Committee:
  - i. December 17, 2019 — Atlanta, GA (NERC) | 1:00 p.m.–5:00 p.m. Eastern

**11. Adjourn**

\*Background materials included.

# Antitrust Compliance Guidelines

## I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

## II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

### **III. Activities That Are Permitted**

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.

Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

## Public Announcements

REMINDER FOR USE AT BEGINNING OF MEETINGS AND CONFERENCE CALLS THAT HAVE BEEN PUBLICLY NOTICED AND ARE OPEN TO THE PUBLIC

**For face-to-face meeting, with dial-in capability:**

Participants are reminded that this meeting is public. Notice of the meeting was posted on the NERC website and widely distributed. The notice included the number for dial-in participation. Participants should keep in mind that the audience may include members of the press and representatives of various governmental authorities, in addition to the expected participation by industry stakeholders.

# NERC Participant Conduct Policy

## General

Consistent with its Rules of Procedure, Bylaws, and other governing documents, NERC regularly collaborates with its members and other stakeholders to help further its mission to assure the effective and efficient reduction of risks to the reliability and security of the grid. Many NERC members and other bulk power system experts provide time and expertise to NERC, and the general public, by participating in NERC committees, subcommittees, task forces, working groups, and standard drafting teams, among other things. To ensure that NERC activities are conducted in a responsible, timely, and efficient manner, it is essential to maintain a professional and constructive work environment for all participants, including NERC staff, members of NERC committees, subcommittees, task forces, working groups, and standard drafting teams, as well as any observers of these groups. To that end, NERC has adopted the following Participant Conduct Policy (this “Policy”) for all participants engaged in NERC activities. Nothing in this Policy is intended to limit the powers of the NERC Board of Trustees or NERC management as set forth in NERC’s organizational documents, the NERC Rules of Procedure, or under applicable law. This Policy does not apply to the NERC Board of Trustees or the Member Representatives Committee.

## Participant Conduct Policy

All participants in NERC activities must conduct themselves in a professional manner at all times. This Policy includes in-person conduct and any communication, electronic or otherwise, made as a participant in NERC activities. Examples of unprofessional conduct include, but are not limited to, verbal altercations, use of abusive language, personal attacks, or derogatory statements made against or directed at another participant, and frequent or patterned interruptions that disrupt the efficient conduct of a meeting or teleconference.

Additionally, participants shall not use NERC activities for commercial purposes or for their own private purposes, including, but not limited to, advertising or promoting a specific product or service, announcements of a personal nature, sharing of files or attachments not directly relevant to the purpose of the NERC activity, and communication of personal views or opinions, unless those views are directly related to the purpose of the NERC activity. Unless authorized by an appropriate NERC officer, individuals participating in NERC activities are not authorized to speak on behalf of NERC or to indicate their views represent the views of NERC, and should provide such a disclaimer if identifying themselves as a participant in a NERC activity to the press, at speaking engagements, or through other public communications.

Finally, participants shall not distribute work product developed during the course of NERC activities if that work product is deemed Confidential Information consistent with the NERC Rules of Procedure Section 1500. Participants also shall not distribute work product developed during the course of NERC activities if distribution is not permitted by NERC or the relevant committee chair or vice chair (e.g., an embargoed report), provided that NERC, or the committee chair or vice chair in consultation with NERC staff, may grant in writing a request by a participant to allow further distribution of the work product to one or more

specified entities within its industry sector if deemed to be appropriate. Any participant that distributes work product labeled “embargoed,” “do not release,” or “confidential” (or other similar labels) without written approval for such further distribution would be in violation of this Policy. Such participants would be subject to restrictions on participation, including permanent removal from participation on a NERC committee or other NERC activity.

## **Reasonable Restrictions on Participation**

If a participant does not comply with this Policy, certain reasonable restrictions on participation in NERC activities may be imposed, as described below.

If a NERC staff member, or committee chair or vice chair after consultation with NERC staff, determines, by his or her own observation or by complaint of another participant, that a participant’s behavior is disruptive to the orderly conduct of a meeting in progress or otherwise violates this Policy, the NERC staff member or committee chair or vice chair may remove the participant from a meeting. Removal by the NERC staff member or committee chair or vice chair is limited solely to the meeting in progress and does not extend to any future meeting. Before a participant may be asked to leave the meeting, the NERC staff member or committee chair or vice chair must first remind the participant of the obligation to conduct himself or herself in accordance with this Policy and provide an opportunity for the participant to comply. If a participant is requested to leave a meeting by a NERC staff member or committee chair or vice chair, the participant must cooperate fully with the request.

Similarly, if a NERC staff member, or committee chair or vice chair after consultation with NERC staff, determines, by his or her own observation or by complaint of another participant, that a participant’s behavior is disruptive to the orderly conduct of a teleconference in progress or otherwise violates this Policy, the NERC staff member or committee chair or vice chair may request the participant to leave the teleconference. Removal by the NERC staff member or committee chair or vice chair is limited solely to the teleconference in progress and does not extend to any future teleconference. Before a participant may be asked to leave the teleconference, the NERC staff member or committee chair or vice chair must first remind the participant of the obligation to conduct himself or herself in accordance with this Policy and provide an opportunity for the participant to comply. If a participant is requested to leave a teleconference by a NERC staff member or committee chair or vice chair, the participant must cooperate fully with the request. Alternatively, the NERC staff member or committee chair or vice chair may choose to terminate the teleconference.

At any time, a NERC officer, after consultation with NERC’s General Counsel, may impose a restriction on a participant from one or more future meetings or teleconferences, a restriction on the use of any NERC-administered listserv or other communication list, or such other restriction as may be reasonably necessary to maintain the orderly conduct of NERC activities. Before approving any such restriction, the NERC General Counsel must provide notice to the affected participant and an opportunity to submit a written objection to the proposed restriction no fewer than seven days from the date on which notice is provided. If approved, the restriction is binding on the participant, and NERC will notify the organization employing or contracting with the restricted participant. A restricted participant may request removal of the restriction by submitting

a request in writing to the NERC General Counsel. The restriction will be removed at the reasonable discretion of the NERC General Counsel or a designee.

Upon the authorization of the NERC General Counsel, NERC may require any participant in any NERC activity to execute a written acknowledgement of this Policy and its terms and agree that continued participation in any NERC activity is subject to compliance with this Policy.

**Guidelines for Use of NERC Email Lists**

NERC provides email lists, or “listservs,” to NERC stakeholder committees, groups, and teams to facilitate sharing information about NERC activities. It is the policy of NERC that all emails sent to NERC listservs be limited to topics that are directly relevant to the listserv group’s assigned scope of work. NERC reserves the right to apply administrative restrictions to any listserv or its participants, without advance notice, to ensure that the resource is used in accordance with this and other NERC policies.

Prohibited activities include using NERC-provided listservs for any price-fixing, division of markets, and/or other anti-competitive behavior. Recipients and participants on NERC listservs may not utilize NERC listservs for their own private purposes. This may include lobbying for or against pending balloted standards, announcements of a personal nature, sharing of files or attachments not directly relevant to the listserv group’s scope of responsibilities, or communication of personal views or opinions, unless those views are provided to advance the work of the listserv’s group. Any offensive, abusive, or obscene language or material shall not be sent across the NERC listservs.

Any participant who has concerns about this Policy may contact NERC’s General Counsel.

**Version History**

Version	Date	Change Tracking
1	February 6, 2019	
2	February 22, 2019	<ul style="list-style-type: none"> <li>• Clarified policy does not apply to Board or MRC</li> <li>• Addressed participants speaking on behalf of NERC</li> </ul>

# Meeting Minutes

## Standards Committee Process Subcommittee

June 25, 2019 | 1:00–5:00 p.m. Eastern

### Introduction and Chair's Remarks

Standards Committee Process Subcommittee (SCPS or Subcommittee) Chair S. Bodkin called the duly noticed meeting to order at 1:00 p.m. Eastern and welcomed the members and observers. Quorum was achieved as seven of the eight members were present. An attendance list is found in Attachment 1.

### NERC Antitrust Compliance Guidelines and Public Announcement

A. McMeekin, NERC staff reviewed the NERC Antitrust Compliance Guidelines, the public meeting announcement, and referenced the new NERC Participant Conduct Policy that was included in the announcement package.

### Review Meeting Agenda (Item 1)

S. Bodkin reviewed the meeting agenda and requested a new item to review the existing SCPS scope document be inserted after existing item 6. There were no objections and the agenda was approved by unanimous consent.

### Consent Agenda (Item 2)

The meeting minutes from May 14, 2019 were approved by unanimous consent.

### Review of SCPS Work Plan (Item 3)

S. Bodkin reviewed the Work Plan that was included in the agenda package and provided highlights of each item. There was no significant discussion.

### Discuss/Approve Standards Resource Document (Item 4)

L. Oelker reviewed the Standards Resource Document (i.e., Matrix).

### Projects – Updates (Item 5)

- a. M. Harward stated that the team has had two conference calls to review the three documents identified in the meeting materials. The team has determined that the document, Approving Errata in an Approved Reliability Standard, is a likely candidate for retirement based on the Standard Committee's other governing documents. The other two documents, Guidance Document for Management of Remanded Interpretations and Acceptance Criteria of a Reliability Standard [Quality Objectives] are still relevant and the team plans to continue its review to identify areas for revision or clarification. Paul Malozewski volunteered to participate on the team. The team's next call is scheduled for July 12th. Formal recommendations on those three documents as well as the review of the Drafting Team Reference Manual will be presented to the Standards Committee at the September in-person meeting.
- b. J. Flandermeyer stated that an update of the team's work on the Reference Inventory Project Summary would be provided at the September in-person meeting.

## **Standards Committee Meeting Report (Item 6)**

S. Bodkin previewed his report to be presented at the Standards Committee meeting the next day.

### **Discussion Items (Item 7)**

1. S. Bodkin asked SCPS members and attendees if there were any ideas for new projects the group wanted to take on. There were no suggestions.
2. S. Bodkin proposed to temporarily cancel the monthly conference calls between the in-person meetings due to the current lack of projects. There were no objections.
3. L. Oelker asked who on NERC staff he should contact about documents on the Standards “Resources” page. A. McMeekin responded that Nasheema Santos would be the person to contact.
4. L. Oelker asked whether or not the SC had taken action on the three documents the SCPS has determined can be retired (see SCPS Work Plan). A. McMeekin will check SC meeting minutes.
5. L. Oelker asked that the Single Portal document be removed from the Standards “Resources” page. There were no objections. A. McMeekin took an action item to remove it.
6. L. Oelker pointed out that the Conduct Policy posted on the Standards “Resources” page was not the most current version. A. McMeekin took an action item to address the issue.

### **Action Items/Assignments (Item 8)**

1. L. Oelker to update the Standards Resource Document to reflect the SC’s decision on pending next steps for the “Reliability Functional Model Function Definitions and Functional Entities”.
  2. A. McMeekin to cancel the monthly conference calls and remove them from the NERC calendar. [Completed]
  3. L. Oelker to contact Nasheema Santos about documents on the Standards “Resources” page.
  4. A. McMeekin to check SC meeting minutes to verify whether or not the SC has taken action on the three documents the SCPS has determined can be retired. [Completed: The SC retired the documents at its July meeting.]
  5. A. McMeekin to have the Single Portal document removed from the Standards “Resources” page. [Completed]
- A. McMeekin to have most recent version of the Conduct Policy posted on the Standards “Resources” page. [Completed]

### **Future Meetings (Item 9)**

- a. Meetings in coordination with Standards Committee:
  - i. September 17, 2019 — Kansas City, MO (KCP&L) | 1:00 p.m.–5:00 p.m. Eastern
  - ii. December 17, 2019 — Atlanta, GA (NERC) | 1:00 p.m.–5:00 p.m. Eastern

### **Adjourn (Item 10)**

S. Bodkin adjourned the meeting at 1:54 p.m. Eastern.

# Attachment 1

Last	First	Company	Member/Observer
Bodkin	Sean	Dominion Resources Services, Inc.	Chair
Flandermeyer	Jennifer	Kansas City Power & Light (KCP&L)	Vice Chair
Harward	Matthew	Southwest Power Pool, Inc.	M
Hammons	Daniela	CenterPoint Energy Houston Electric, LLC	M
Loewer	Jill	Utility Services	M
Malozewski	Paul	Hydro One	M
Oelker	Linn	LG&E and KU Services	M
Rueckert	Steve	WECC	M
McMeekin	Al	NERC	N/A
Muller	Wendy	NERC	N/A
Santos	Nasheema	NERC	N/A
Allen	John	City Utilities	O
Brytowski	Mike	Great River Energy	O
Coyne	Rachel	Texas RE	O
Crane	Donovan	WECC	O
Darrah	Rebecca	ACES	O
Feliks	Kent	AEP	O
Lanehome	Ken	BPA	O
Pratt	Mark	Southern Company	O
Yeung	Charles	SPP	O
Zito	Guy	NPCC	O

Standards Committee Process Subcommittee Work Plan (SC Endorsed Project Scopes)				
Task	General Scope of Task	Task Initiated	Target Completion	Status/Remarks
<p>Project: Standing task to review/revise resource documents</p> <p><b>Team Members:</b> Matthew Harward, SPP Douglas Webb, KCPL Donovan Crane, WECC Lauren Perotti, NERC</p>	<p>Per the resource document matrix and periodic update process approved by the SC, review the current version of all resource documents and update them as necessary.</p>	<p>March 2019</p>	<p>September 2019</p>	<ul style="list-style-type: none"> <li>- Additional documents under review:</li> <li>- Approving Errata in an Approved Reliability Standard (Retire)</li> <li>- Guidance Document for Management of Remanded Interpretations (Revise)</li> <li>- Acceptance Criteria of a Reliability Standard [Quality Objectives] (Revise)</li> </ul>

Standards Committee Process Subcommittee Work Plan (SC Endorsed Project Scopes)				
Task	General Scope of Task	Task Initiated	Target Completion	Status/Remarks
Project: Develop process for review of references to projects across NERC documents	Approved by SC at October 2018 meeting. Scope to be refined at November 2018 SCPS meeting based on SC approval of revised scope	November 2018	TBD	<ul style="list-style-type: none"> <li>- Identifying broken links within documents as well as bad references. Identifying references in Standards. Suggesting parameters for links and references within documents.</li> </ul>
Project: NERC Standards Grading Worksheet review	Review and revise, as appropriate, the content of the spreadsheet used to evaluate Standards and Requirements during the annual Standards Grading process	November 2018	February 2019	<ul style="list-style-type: none"> <li>- Approved by SC at May 2019 meeting.</li> </ul>

**Standards Committee Process Subcommittee Work Plan (Completed Projects)**

Task	General Scope of Task	Task Initiated	Target Completion	Status/Remarks
<p>Revisions to NERC Standard Processes Manual (SPM)</p> <ul style="list-style-type: none"> <li>a. Section 6: Processes for Conducting Field Tests and Collecting and Analyzing Data</li> <li>b. Section 7: Process for Developing an Interpretation</li> <li>c. Section 11.0: Process for Approving Supporting Documents</li> </ul> <p><b>Linn Oelker (Lead)</b>                      Jennifer Flandermeyer                      Steve Rueckert                      Chris Gowder                      Sean Bodkin                      Guy Zito (consulting)                      Lauren Perotti (NERC Legal)</p>	<ul style="list-style-type: none"> <li>a. Develop and propose recommendations to the SC for revisions and/or modifications to the SC Charter Section 10 and Section 6 of the Standard Processes Manual (SPM), which will address the coordination and oversight involvements of the NERC technical committees.</li> <li>b. Develop and propose recommendations to the SC for revisions and/or modifications to the Interpretation Process in Section 7 of the SPM which will improve the effectiveness and efficiency of (i) validation of a request for Interpretation (RFI), and (ii) development of an interpretation of an approved Reliability Standard or individual Requirement(s) within an approved Reliability Standard.</li> <li>c. Develop and propose recommendations to the SC for revisions and/or modifications to the Technical Document Approval Process in Section 11 of the SPM.</li> </ul>	<p>July 2015</p>	<p>July 2018 (completed)                      Responses to additional comments: September 2018</p>	<p>September 2018: Stakeholder comments to July 2018 posting being reviewed and responses formulated to along with updates based on comments being made to the document. Evaluating need to re-post changes.                      October 2018: Final ballot ended with 81.61% approval.                      November 2018: Presented to and approved by the NERC BOT.</p>

## Standards Committee Process Subcommittee Work Plan (Completed Projects)

Task	General Scope of Task	Task Initiated	Target Completion	Status/Remarks
<p>Project: Standing task to review/revise resource documents</p> <p style="text-align: center;"><i>Two documents are slated for retirement and two documents are being revised as part of the SPM revisions project</i></p>	<p>Per the resource document matrix and periodic update process approved by the SC, review the current version of all resource documents and update them as necessary.</p>	<p>June 2017</p>	<p>July 2019 (small group currently reviewing applicable documents for retirement/revision)</p>	<p>Documents to be retired/revised after SPM is revised:</p> <ul style="list-style-type: none"> <li>- Approving a Field Test Associated with a Reliability Standard (Retire);</li> <li>- Procedure document: Processing Requests for an Interpretation (Retire);</li> <li>- Guideline document: Guidelines for Interpretation Drafting Teams (Retire).</li> <li>- Procedure document: Approving the Posting of Reliability Standard Supporting References (pending);</li> </ul>

Agenda Item 4  
Standards Committee  
Process Subcommittee  
September 17, 2019

Resources for Standards		Today is: August 14, 2019		Approved by SC December 9, 2015			
DOCUMENT TITLE	DOCUMENT OWNER	Document Last Revised	Age of Document (in Months)	Periodic review frequency (months):	Party responsible for periodic review and proposed updates:	Overdue by (months):	Notes / Comments
Standards Committee Process Subcommittee (SCPS) Scope	SCPS	October 22, 2014	58	60	SCPS	CURRENT	
Standards Committee Guideline - Drafting Team Nominee Selection Criteria	STANDARDS COMMITTEE (SC)	March 14, 2018	17	24	SCPS	CURRENT	
Roles and Responsibilities: Standards Drafting Team Activities	STANDARDS COMMITTEE (SC)	June 13, 2018	14	24	SCPS	CURRENT	
Standard Drafting Team Scope	STANDARDS COMMITTEE (SC)	December 6, 2017	20	24	SCPS	CURRENT	
Approving the Posting of Supporting Technical Documents Under Section 11 of the Standard Processes Manual	STANDARDS COMMITTEE (SC)	March 1, 2019	6	24	SCPS	CURRENT	
Standards Committee Charter	STANDARDS COMMITTEE (SC)	March 20, 2019	5	24	SCPS	CURRENT	
Reliability Functional Model Function Definitions and Functional Entities	STANDARDS COMMITTEE (SC)	November 30, 2009	117	24	FMAG	93	Being reviewed by FMAG. The FMAG is awaiting SC decision on next steps.
Drafting Team Reference Manual	STANDARDS COMMITTEE (SC)	October 19, 2016	34	24	SCPS	10	3/19/19 SCPS meeting - team led by LO still reviewing.
Guidance Document for Management of Remanded Interpretations	STANDARDS COMMITTEE (SC)	January 18, 2017	31	24	SCPS	7	6/25/19 Team working.
Acceptance Criteria of a Reliability Standard [Quality Objectives]	STANDARDS COMMITTEE (SC)	January 18, 2017	31	24	SCPS	7	6/25/19 Team working.
Approving Errata in an Approved Reliability Standard	STANDARDS COMMITTEE (SC)	March 15, 2017	29	24	SCPS	5	6/25/19 Team working.
Technical Rationale for Reliability Standards	STANDARDS COMMITTEE (SC)	June 14, 2017	26	24	TBD	2	
Violation Severity Level Guidelines	Standards Staff	NONE		24	Standards Staff		12/13/16 SCPS meeting - For NERC Staff owned items, block out Age and Overdue columns.
Periodic Review Template	Standards Staff	January 17, 2018		24	Standards Staff		
NERC Participant Conduct Policy	Standards Staff	April 9, 2018		24	Standards Staff		
Weighted Segment Voting Examples	Standards Staff	November 4, 2009		24	Standards Staff		
Reliability Principles	Standards Staff	March 18, 2010		24	Standards Staff		
Nomination Form Standard Drafting Team	Standards Staff	January 28, 2014		24	Standards Staff		
Time Horizons	Standards Staff	April 15, 2014		24	Standards Staff		
FERCs Criteria for Approving Reliability Standards from Order 672	Standards Staff	May 16, 2014		24	Standards Staff		
Market Principles	Standards Staff	May 16, 2014		24	Standards Staff		
Ten Benchmarks of an Excellent Reliability Standard	Standards Staff	May 16, 2014		24	Standards Staff		
Violation Risk Factors	Standards Staff	May 16, 2014		24	Standards Staff		
Reliability Standards Suggestions and Comments Form	Standards Staff	June 12, 2014		24	Standards Staff		
Request to Develop a Definition Form	Standards Staff	August 29, 2014		24	Standards Staff		
Results-Based Reliability Standard Development Guidance	Standards Staff	August 29, 2014		24	Standards Staff		
NERC Standards Numbering System	Standards Staff	July 1, 2015		24	Standards Staff		
NERC Standards Numbering System	Standards Staff	July 1, 2015		24	Standards Staff		
Standards Authorization Request Form	Standards Staff	January 18, 2017		24	Standards Staff		
Drafting Team Nomination Form	Standards Staff	March 30, 2017		24	Standards Staff		
Request for Interpretation Form	Standards Staff	June 28, 2017		24	Standards Staff		

## Standards Committee Resource Documents Review

### Action

Endorse submitting to the Standards Committee (“SC”) a recommendation to:

- Retire SC Procedure – *Approving Errata in an Approved Reliability Standard* (January 15, 2010)
- Approve revised SC Guidance Document – *Management of Remanded Interpretations* (April 19, 2014)
- Approve revised SC document – *Acceptance Criteria of a Reliability Standard* (Quality Objectives) (May 16, 2014)

### Background

A review team consisting of SCPS members and NERC Legal staff reviewed three SC resource documents. The review team’s recommendations are below.

The review team recommends retiring [Approving Errata in an Approved Reliability Standard](#). The document largely describes ministerial tasks performed by NERC Staff to prepare and file errata versions. The substantive provisions regarding SC approval of errata are contained in Section 12.0 of the NERC Standard Processes Manual (Appendix 3A to the NERC Rules of Procedure).

Additionally, the review team recommends retaining the following SC documents, with the revisions noted below:

- *Guidance Document for Management of Remanded Interpretations*, revised to clarify process and improve readability. The revisions clarify that the notice provisions are similar to that outlined in Section 309.2 of the NERC Rules of Procedure which requires that notifications be made to Applicable Governmental Authorities when a Reliability Standard is remanded. Additional grammatical edits improve readability.
- *Acceptance Criteria of a Reliability Standard (Quality Objectives)*, revised to clarify process and improve readability. The revisions clarify the correlation between the document and the following documents: (i) the SC’s *Ten Benchmarks of an Excellent Reliability Standard*; and (ii) Federal Energy Regulatory Commission (“FERC”) Order No. 672, which established the criteria that are used to assess Reliability Standards that are submitted to FERC for approval. Additional grammatical edits improve readability.

# Guidance Document for Management of Remanded Interpretations

## Approved by the Standards Committee

This document provides guidance regarding the management of Interpretations that have been remanded by an Applicable Governmental Authority.

In the event an Applicable Governmental Authority issues an order remanding a proposed Interpretation, NERC Legal and NERC Reliability Standards staff will consult with the original requestor regarding whether further action is necessary to provide clarity on the issue.

- If the requestor provides written notice that further action is not necessary, then NERC Legal and Standards staff will report the decision to the other Applicable Governmental Authorities.<sup>1</sup> A copy of the communication will be provided to: (1) the Standards Committee (SC); (2) the Regional Entities; and (3) the original requestor of the Interpretation. If the SC determines that there is an outstanding issue, it may submit a new Request for Interpretation or Standards Authorization Request pursuant to the NERC Standard Processes Manual (SPM).
- If the requestor provides written notice requesting further action to provide clarity on the issue, then NERC Legal and NERC Standards staff will evaluate the remand order as soon as is practicable and will make a recommendation to the SC regarding whether the Interpretation should be redeveloped or the applicable standard(s) be revised.
  - The SC will decide whether the Interpretation should be redeveloped as soon as is practicable or the applicable standard(s) should be revised and will document the basis of this decision. This decision is a procedural decision only and is not a substantive decision based on the technical content of the Interpretation.
  - If the Interpretation will be redeveloped, the SC should also decide whether to assign the Interpretation to the existing interpretation drafting team, or whether to dismiss the existing interpretation drafting team and assign the project to a new interpretation drafting team. The Interpretation will be redeveloped in accordance with the SPM. If a new Interpretation request is required, it shall be reviewed by NERC Standards and NERC Legal staff to ensure that the request is consistent with Section 7.0 of the NERC SPM.
  - If the Interpretation will not be redeveloped or the applicable standard(s) will be revised in lieu of redeveloping the interpretation, the SC will dismiss the existing interpretation drafting team.

<sup>1</sup> Compare Section 309 of the NERC Rules of Procedure, which requires that notifications be made to the Applicable Governmental Authorities in the case of a remanded Reliability Standard.

- If the SC determines that revisions to the applicable Reliability Standard(s) are necessary, a Standards Authorization Request may be submitted by any entity or individual, including NERC committees or subgroups and NERC staff, to initiate development pursuant to the NERC SPM.
- Once the SC has made a decision regarding the procedural status of the Interpretation, NERC shall report the decision to the other Applicable Governmental Authorities. A copy of the communication will be provided to: (1) the SC; (2) the Regional Entities; and (3) the original requestor of the Interpretation.

The SC will refer any compliance questions arising from the remand to the Compliance & Certification Committee.

**Version History**

<b>Version</b>	<b>Date</b>	<b>Owner</b>	<b>Change Tracking</b>
1	April 19, 2014	Standards Information Staff	Approved by Standards Committee
2	January 18, 2017	Standards Information Staff	Periodic review; clarifying updates made.
3	September X, 2019	Standards Information Staff	Periodic review; clarifying updates made.

# Guidance Document for Management of Remanded Interpretations

## Approved by the Standards Committee

This document provides guidance regarding the management of ~~Reliability Standard~~ Interpretations that have been remanded by an Applicable Governmental Authority.

In the event an Applicable Governmental Authority issues an order remanding a proposed ~~Reliability Standard~~ Interpretation, NERC Legal and NERC ~~Reliability~~ Standards staff will consult with the original requestor regarding whether further action is necessary to provide clarity on the issue.

- If the requestor provides written notice that further action is not necessary, then NERC Legal and Standards staff will report the decision to the other Applicable Governmental Authorities ~~in the same manner as is contemplated by Section 309 of the NERC Rules of Procedure for remanded Standards.~~<sup>1</sup> A copy of the communication will be provided to: ~~(1)~~ the Standards Committee (SC); ~~(2)~~ the Regional Entities; and ~~(3)~~ the original requestor of the Interpretation. If the SC determines that there is an outstanding issue, it may submit a new Request for Interpretation or Standard Authorization Request pursuant to the NERC Standard Processes Manual (SPM).
- If the requestor provides written notice requesting further action to provide clarity on the issue, then NERC Legal and NERC Standards staff will evaluate the remand order as soon as is practicable and will make a recommendation to the SC regarding whether the Interpretation should be redeveloped or the applicable standard(s) be revised.
  - The SC will decide whether the Interpretation should be redeveloped as soon as is practicable or the applicable standard(s) should be revised and will document the basis of this decision. This decision is a procedural decision only and is not a substantive decision based on the technical content of the Interpretation.
  - If the Interpretation will be redeveloped, the SC should also decide whether to assign the Interpretation to the existing interpretation drafting team, or whether to dismiss the existing interpretation drafting team and assign the project to a new interpretation drafting team. The Interpretation will be redeveloped in accordance with the SPM. If a new Interpretation request is required, it shall be reviewed by NERC Standards and NERC Legal staff to ensure that the request is consistent with Section 7.0 of the NERC SPM.

<sup>1</sup> ~~Compare Section 309 of the NERC Rules of Procedure, which requires that notifications be made to the Applicable Governmental Authorities in the case of a remanded Reliability Standard.~~

- If the Interpretation will not be redeveloped or the applicable standard(s) will be revised in lieu of redeveloping the interpretation, the SC will dismiss the existing interpretation drafting team.
- If the SC determines that revisions to the applicable Reliability Standard(s) are necessary, a Standard Authorization Request may be submitted by any entity or individual, including NERC committees or subgroups and NERC staff, to initiate development pursuant to the NERC SPM.
- Once the SC has made a decision regarding the procedural status of the Interpretation, NERC shall report the decision to the other Applicable Governmental Authorities ~~in the same manner as is contemplated by Section 309 of the NERC Rules of Procedure for Remanded Standards~~. A copy of the communication will be provided to: ~~(1)~~ the SC; ~~(2)~~ the Regional Entities; and ~~(3)~~ the original requestor of the Interpretation.

The SC will refer any compliance questions arising from the remand to the Compliance & Certification Committee.

**Version History**

Version	Date	Owner	Change Tracking
1	April 19, 2014	Standards Information Staff	Approved by Standards Committee
2	January 18, 2017	Standards Information Staff	Periodic review; clarifying updates made.
<u>3</u>	<u>September X, 2019</u>	<u>Standards Information Staff</u>	<u>Periodic review; clarifying updates made.</u>

# Acceptance Criteria of a Reliability Standard

## Quality Objectives

Standard Drafting Teams (SDTs) working on assigned projects are charged to ensure their work adheres to the quality objectives set forth below. Quality objectives #1-10 are adapted from the *Ten Benchmarks of an Excellent Reliability Standard*.<sup>1</sup> In Order No. 672, the Federal Energy Regulatory Commission (FERC or the Commission) established criteria that are used to assess the Reliability Standards that are submitted to the Commission for approval.<sup>2</sup> In this document, each Order No. 672 criterion has been provided for reference in a text box following the quality objective that addresses the specific issue.

- 1. Applicability** — Each Reliability Standard shall clearly identify the functional classes<sup>3</sup> of entities responsible for complying with the Reliability Standard, with any specific additions or exceptions noted. The applicability section of the standard should include any limitations on the applicability of the standard based on electric facility characteristics or impacts to the Bulk-Power System, such as a requirement that applies only to the subset of distribution providers that own or operate underfrequency load shedding systems.
- 2. Purpose** — Each Reliability Standard shall have a clear statement of purpose that describes how the standard contributes to the reliability of the bulk power system.

**Order No. 672 Criterion:  
Must be designed to achieve a specified reliability goal**

¶ 324. *The proposed Reliability Standard must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal . . .*

- 3. Requirements** — Each Reliability Standard shall state one or more requirements, which if achieved by the applicable entities, would help provide for a reliable Bulk-Power System, consistent with good utility practices and the public interest.

<sup>1</sup> The *Ten Benchmarks of an Excellent Reliability Standard* are available on the NERC Standards Resources Page at [https://www.nerc.com/pa/Stand/Resources/Documents/Ten\\_Benchmarks\\_of\\_an\\_Excellent\\_Reliability\\_Standard.pdf](https://www.nerc.com/pa/Stand/Resources/Documents/Ten_Benchmarks_of_an_Excellent_Reliability_Standard.pdf).

<sup>2</sup> *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, *order on reh'g*, Order No. 672-A, 114 FERC ¶ 61,328 (2006).

<sup>3</sup> These functional classes of entities are documented in NERC's Statement of Compliance Registry Criteria, Appendix 5B to the North American Electric Reliability Corporation (NERC) Rules of Procedure. When a 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 and must be identified in the Statement of Compliance Registry Criteria.

Requirements should have the following characteristics:

- Each requirement should establish an objective that is reasonably determined to be the best approach for Bulk-Power System reliability, taking account of the costs and benefits of implementing the proposal.
- To the maximum extent possible, the requirement should be designed to apply throughout the interconnected North American Bulk-Power System.
- Each requirement should identify which functional entity shall do what, under what conditions, for what reliability benefit.
- Each requirement should be aimed at achieving one objective at a time.

It is permissible to include prescriptive, documentation, and commercial requirements within the Reliability Standard; however, these types of requirements should be justified in the record and limited in number in light of Paragraph 81 Criteria.<sup>4</sup>

Reliability Standards should not contain:

- Requirements that prescribe commercial business practices which do not contribute directly to reliability.
- Requirements that duplicate or conflict with one another.

---

<sup>4</sup> In 2012, the Commission invited NERC to propose for retirement those Reliability Standards and requirements that provide little protection for Bulk Power System reliability or may be redundant. *See N. American Electric Reliability Corp.*, 138 FERC ¶ 61,193 at P 81, *order on reh'g and clarification*, 139 FERC ¶ 61,168 (2012). In response to this order, NERC developed criteria for a Reliability Standard to be retired or modified: (1) Criterion A: an overarching criteria designed to determine that there is no reliability gap created by the proposed retirement; (2) Criterion B: consists of seven separate identifying criteria designed to recognize requirements appropriate for retirement (administrative; data collection/data retention; documentation; reporting; periodic updates; commercial or business practice; and redundant); and (3) Criterion C: consists of seven separate questions designed to assist an informed decision whether requirements are appropriate to propose for retirement.

**Order No. 672 Criterion:  
Must be designed to achieve a specified reliability goal**

¶ 321. *The proposed Reliability Standard must address a reliability concern that falls within the requirements of section 215 of the FPA. That is, it must provide for the reliable operation of bulk power system facilities. It may not extend beyond reliable operation of such facilities or apply to other facilities. Such facilities include all those necessary for operating an interconnected electric energy transmission network, or any portion of that network, including control systems. The proposed Reliability Standard may apply to any design of planned additions or modifications of such facilities that is necessary to provide for reliable operation. It may also apply to Cybersecurity protection.*

¶ 324. *The proposed Reliability Standard must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. Although any person may propose a topic for a Reliability Standard to the E[lectric] R[eliability] O[rganization], in the ERO's process, the specific proposed Reliability Standard should be developed initially by persons within the electric power industry and community with a high level of technical expertise and be based on sound technical and engineering criteria. It should be based on actual data and lessons learned from past operating incidents, where appropriate. The process for ERO approval of a proposed Reliability Standard should be fair and open to all interested persons.*

**Order No. 672 Criterion:  
Must be designed to apply throughout North America to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

¶ 331. *A proposed Reliability Standard should be designed to apply throughout the interconnected North American Bulk-Power System; to the maximum extent this is achievable with a single Reliability Standard. The proposed Reliability Standard should not be based on a single geographic or regional model but should take into account geographic variations in grid characteristics, terrain, weather, and other such factors; it should also take into account regional variations in the organizational and corporate structures of transmission owners and operators, variations in generation fuel type and ownership patterns, and regional variations in market design if these affect the proposed Reliability Standard.*

**Order No. 672 Criterion:  
Should achieve a reliability goal effectively and efficiently—but does not necessarily have to reflect “best practices” without regard to implementation cost**

¶ 328. *The proposed Reliability Standard does not necessarily have to reflect the optimal method, or “best practice,” for achieving its reliability goal without regard to implementation cost or historical regional infrastructure design. It should however achieve its reliability goal effectively and efficiently.*

**Order No. 672 Criterion:**

**Cannot be “lowest common denominator,” i.e., cannot reflect a compromise that does not adequately protect bulk power system reliability**

*¶ 329. The proposed Reliability Standard must not simply reflect a compromise in the ERO’s Reliability Standard development process based on the least effective North American practice—the so-called “lowest common denominator”—if such practice does not adequately protect Bulk-Power System reliability. Although the Commission will give due weight to the technical expertise of the ERO, we will not hesitate to remand a proposed Reliability Standard if we are convinced it is not adequate to protect reliability.*

**Order No. 672 Criterion:**

**Balance with other vital public interests**

*¶ 335. Finally, we understand that at times development of a proposed Reliability Standard may require that a particular reliability goal must be balanced against other vital public interests, such as environmental, social and other goals. We expect the ERO to explain any such balancing in its application for approval of a proposed Reliability Standard.*

**Order No. 672 Criterion:**

**No undue negative effect on competition or restriction of the grid**

*¶ 332. As directed by section 215 of the FPA, the Commission itself will give special attention to the effect of a proposed Reliability Standard on competition. The ERO should attempt to develop a proposed Reliability Standard that has no undue negative effect on competition. Among other possible considerations, a proposed Reliability Standard should not unreasonably restrict available transmission capability on the Bulk-Power System beyond any restriction necessary for reliability and should not limit use of the Bulk-Power System in an unduly preferential manner. It should not create an undue advantage for one competitor over another.*

- 4. Measurability** — Each requirement should be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that requirement. Each requirement should have one or more associated measures used to objectively evaluate compliance with the requirement. If specific results can be practically measured quantitatively, metrics should be provided within the requirement to indicate satisfactory performance.
- Words and phrases such as “sufficient,” “adequate,” “be ready,” “be prepared,” “consider,” etc. should not be used.
  - When an exact level of performance cannot be specified, the required performance should be bounded by measurable conditions/parameters.

**Order No. 672 Criterion:**

**Must identify clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

*¶ 327. There should be a clear criterion or measure of whether an entity is in compliance with a proposed Reliability Standard. It should contain or be accompanied by an objective measure of compliance so that it can be enforced and so that enforcement can be applied in a consistent and non-preferential manner.*

- 5. Technical Basis in Engineering and Operations** — Each Reliability Standard should be based upon sound engineering and operating judgment and the collective experience of the Standard Drafting Team members. Analysis of data collection activities, field test results, and the comments received from industry experts should also be utilized in the development of each Reliability Standard.
- 6. Completeness** — Each Reliability Standard should be complete and self-contained. A standard should not depend on external information to determine the required level of performance.
- 7. Consequences for Noncompliance** — Each Reliability Standard shall establish a combination of elements (identified below) that will serve as guidelines for the determination of penalties and sanctions when assessing the consequences of violating a standard.
  - **Time Horizon** — Each requirement shall have an associated Time Horizon to identify the time frame an entity would have to correct a violation of the requirement. Time horizons are used as a factor in determining the size of a penalty or sanction for noncompliance with a requirement.
  - **Violation Risk Factor** — Each requirement shall have an associated Violation Risk Factor (VRF). The VRF is a factor in determining the size of a penalty or sanction for noncompliance with a requirement.
  - **Violation Severity Levels** — Each requirement shall have an associated set of Violation Severity Levels (VSLs) that identify degrees of noncompliance with the associated requirement.

**Order No. 672 Criterion:**

**Must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

*¶ 326. The possible consequences, including range of possible penalties, for violating a proposed Reliability Standard should be clear and understandable by those who must comply.*

8. **Clear Language** — Each Reliability Standard should be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, should be able to arrive at a consistent interpretation of the required performance.
9. **Practicality** — Each Reliability Standard should establish requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.

**Order No. 672 Criterion:**

**Costs to be considered for smaller entities but not at consequence of less than excellence in operating system reliability**

*¶ 330. A proposed Reliability Standard may take into account the size of the entity that must comply with the Reliability Standard and the cost to those entities of implementing the proposed Reliability Standard. However, the ERO should not propose a “lowest common denominator” Reliability Standard that would achieve less than excellence in operating system reliability solely to protect against reasonable expenses for supporting this vital national infrastructure. For example, a small owner or operator of the Bulk-Power System must bear the cost of complying with each Reliability Standard that applies to it.*

**Order No. 672 Criterion:  
Implementation time**

*¶ 333. In considering whether a proposed Reliability Standard is just and reasonable, the Commission will consider also the timetable for implementation of the new requirements, including how the proposal balances any urgency in the need to implement it against the reasonableness of the time allowed for those who must comply to develop the necessary procedures, software, facilities, staffing or other relevant capability.*

10. **Consistent Terminology** — Each Reliability Standard should use a set of standard terms and definitions that were developed and approved through the NERC Reliability Standards Development Process.<sup>5</sup>
11. **Regulatory Directives** — Standard Drafting Teams should adequately address all applicable FERC regulatory directives when revising or developing Reliability Standards.
12. **Adherence to Standard Processes Manual** — SDTs are charged with adhering to all applicable processes set forth in the NERC Standard Processes Manual, Appendix 3A to the NERC Rules of Procedure. SDTs should be responsive to all comments received during the formal comment periods and to the formal comments received during the initial ballot periods. Appropriate

<sup>5</sup> These terms are set forth in the *Glossary of Terms Used in NERC Reliability Standards*, [https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary\\_of\\_Terms.pdf](https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf).

technical justification should be provided by the SDT for each response to the comments and stakeholder issues.

**Order No. 672 Criterion:  
Whether the Reliability Standard process was open and fair**

*¶ 334. Further, in considering whether a proposed Reliability Standard meets the legal standard of review, we will entertain comments about whether the ERO implemented its Commission-approved Reliability Standard development process for the development of the particular proposed Reliability Standard in a proper manner, especially whether the process was open and fair. However, we caution that we will not be sympathetic to arguments by interested parties that choose, for whatever reason, not to participate in the ERO's Reliability Standard development process if it is conducted in good faith in accordance with the procedures approved by the Commission.*

**Version History**

<b>Version</b>	<b>Date</b>	<b>Owner</b>	<b>Change Tracking</b>
1	May 16, 2014	Standards Information Staff	Updated template
2	January 18, 2017	Standards Information Staff	Periodic review; clarifying updates made.
3	TBD, 2019	Standards Information Staff	Template and formatting updated; underwent editorial review



**2. Purpose** — Each Reliability Standard shall have a clear statement of purpose that describes how the standard contributes to the reliability of the bulk-power system.

**Order No. 672 Criterion:  
Must be designed to achieve a specified reliability goal**

**§ 324.** *The proposed Reliability Standard must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal . . .*

**3. Requirements** — Each Reliability Standard shall state one or more requirements, which if achieved by the applicable entities, would help provide for a reliable Bulk-Power System, consistent with good utility practices and the public interest.

Requirements should have the following characteristics:

- Each requirement should establish an objective that is reasonably determined to be the best approach for Bulk-Power System reliability, taking account of the costs and benefits of implementing the proposal.
- To the maximum extent possible, the requirement should be designed to apply throughout the interconnected North American Bulk-Power System.
- Each requirement should identify which functional entity shall do what, under what conditions, for what reliability benefit.
- Each requirement should be aimed at achieving one objective at a time.

It is permissible to include prescriptive, documentation, and commercial requirements within the Reliability Standard; however, these types of requirements should be justified in the record and limited in number in light of Paragraph 81 Criteria.<sup>4</sup>

Reliability Standards should not contain:

- Requirements that prescribe commercial business practices which do not contribute directly to reliability.
- Requirements that duplicate or conflict with one another.

<sup>4</sup> In 2012, the Commission invited NERC to propose for retirement those Reliability Standards and requirements that provide little protection for Bulk Power System reliability or may be redundant. See *N. American Electric Reliability Corp.*, 138 FERC ¶ 61,193 at P 81, *order on reh'g and clarification*, 139 FERC ¶ 61,168 (2012). In response to this order, NERC developed criteria for a Reliability Standard to be retired or modified: (1) Criterion A: an overarching criteria designed to determine that there is no reliability gap created by the proposed retirement; (2) Criterion B: consists of seven separate identifying criteria designed to recognize requirements appropriate for retirement (administrative; data collection/data retention; documentation; reporting; periodic updates; commercial or business practice; and redundant); and (3) Criterion C: consists of seven separate questions designed to assist an informed decision whether requirements are appropriate to propose for retirement.

**Order No. 672 Criterion:**

**Must be designed to achieve a specified reliability goal**

*§ 321. The proposed Reliability Standard must address a reliability concern that falls within the requirements of section 215 of the FPA. That is, it must provide for the reliable operation of bulk power system facilities. It may not extend beyond reliable operation of such facilities or apply to other facilities. Such facilities include all those necessary for operating an interconnected electric energy transmission network, or any portion of that network, including control systems. The proposed Reliability Standard may apply to any design of planned additions or modifications of such facilities that is necessary to provide for reliable operation. It may also apply to Cybersecurity protection.*

*§ 324. The proposed Reliability Standard must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. Although any person may propose a topic for a Reliability Standard to the E[lectric] R[eliability] O[rganization], in the ERO's process, the specific proposed Reliability Standard should be developed initially by persons within the electric power industry and community with a high level of technical expertise and be based on sound technical and engineering criteria. It should be based on actual data and lessons learned from past operating incidents, where appropriate. The process for ERO approval of a proposed Reliability Standard should be fair and open to all interested persons.*

**Order No. 673 Criterion:**

**Must be designed to apply throughout North American to the maximum extent achievable with a single reliability standard while not favoring one area or approach**

*§ 331. A proposed Reliability Standard should be designed to apply throughout the interconnected North American Bulk-Power System; to the maximum extent this is achievable with a single Reliability Standard. The proposed Reliability Standard should not be based on a single geographic or regional model but should take into account geographic variations in grid characteristics, terrain, weather, and other such factors; it should also take into account regional variations in the organizational and corporate structures of transmission owners and operators, variations in generation fuel type and ownership patterns, and regional variations in market design if these affect the proposed Reliability Standard.*

**Order No. 672 Criterion:**

**Should achieve a reliability goal effectively and efficiently, but does not necessarily have to reflect "best practices" without regard to implementation cost**

*§ 328. The proposed Reliability Standard does not necessarily have to reflect the optimal method, or "best practice," for achieving its reliability goal without regard to implementation cost or historical regional infrastructure design. It should however achieve its reliability goal effectively and efficiently.*

**Order No. 672 Criterion:**

Cannot be “lowest common denominator,” i.e., cannot reflect a compromise that does not adequately protect bulk power system reliability

§ 329. *The proposed Reliability Standard must not simply reflect a compromise in the ERO’s Reliability Standard development process based on the least effective North American practice — the so-called “lowest common denominator”—if such practice does not adequately protect Bulk-Power System reliability. Although the Commission will give due weight to the technical expertise of the ERO, we will not hesitate to remand a proposed Reliability Standard if we are convinced it is not adequate to protect reliability.*

**Order No. 672 Criterion:**

Balance with other vital public interests

§ 335. *Finally, we understand that at times development of a proposed Reliability Standard may require that a particular reliability goal must be balanced against other vital public interests, such as environmental, social and other goals. We expect the ERO to explain any such balancing in its application for approval of a proposed Reliability Standard.*

**Order No. 672 Criterion:**

No undue negative effect on competition or restriction of the grid

§ 332. *As directed by section 215 of the FPA, the Commission itself will give special attention to the effect of a proposed Reliability Standard on competition. The ERO should attempt to develop a proposed Reliability Standard that has no undue negative effect on competition. Among other possible considerations, a proposed Reliability Standard should not unreasonably restrict available transmission capability on the Bulk-Power System beyond any restriction necessary for reliability and should not limit use of the Bulk-Power System in an unduly preferential manner. It should not create an undue advantage for one competitor over another.*

**4. Measurability** — Each requirement should be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that requirement. Each requirement should have one or more associated measures used to objectively evaluate compliance with the requirement. If specific results can be practically measured quantitatively, metrics should be provided within the requirement to indicate satisfactory performance.

- Words and phrases such as “sufficient<sub>i</sub>”; “adequate<sub>i</sub>”; “be ready<sub>i</sub>”; “be prepared<sub>i</sub>”; “consider<sub>i</sub>”; etc. should not be used.
- When an exact level of performance cannot be specified, the required performance should be bounded by measurable conditions/parameters.

**Order No. 672 Criterion:**

**Must identify clear and objective criterion or measure for compliance, so that it can be enforced in a consistent and non-preferential manner**

*§ 327. There should be a clear criterion or measure of whether an entity is in compliance with a proposed Reliability Standard. It should contain or be accompanied by an objective measure of compliance so that it can be enforced and so that enforcement can be applied in a consistent and non-preferential manner.*

- 5. Technical Basis in Engineering and Operations** — Each Reliability Standard should be based upon sound engineering and operating judgment and the collective experience of the Standard Drafting Team members. Analysis of data collection activities, field test results, and the comments received from industry experts should also be utilized in the development of each Reliability Standard.

**Order No. 672 Criterion:**

**Must contain a technically sound method to achieve the goal**

*§ 324. The proposed Reliability Standard must be designed to achieve a specified reliability goal and must contain a technically sound means to achieve this goal. Although any person may propose a topic for a Reliability Standard to the ERO, in the ERO's process, the specific proposed Reliability Standard should be developed initially by persons within the electric power industry and community with a high level of technical expertise and be based on sound technical and engineering criteria. It should be based on actual data and lessons learned from past operating incidents, where appropriate. The process for ERO approval of a proposed Reliability Standard should be fair and open to all interested persons.*

- 6. Completeness** — Each Reliability Standard should be complete and self-contained. A standard should not depend on external information to determine the required level of performance.
- 7. Consequences for Noncompliance** — Each Reliability Standard shall establish a combination of elements (identified below) ~~which that~~ will serve as guidelines for the determination of penalties and sanctions when assessing the consequences of violating a standard.
- **Time Horizon** — Each requirement shall have an associated Time Horizon to identify the time frame an entity would have to correct a violation of the requirement. Time horizons are used as a factor in determining the size of a penalty or sanction for noncompliance with a requirement.
  - **Violation Risk Factor** — Each requirement shall have an associated Violation Risk Factor (VRF). The VRF is a factor in determining the size of a penalty or sanction for noncompliance with a requirement.
  - **Violation Severity Levels** — Each requirement shall have an associated set of Violation Severity Levels (VSLs) that identify degrees of noncompliance with the associated requirement.

**Order No. 672 Criterion:**

**Must include clear and understandable consequences and a range of penalties (monetary and/or non-monetary) for a violation**

**326.** *The possible consequences, including range of possible penalties, for violating a proposed Reliability Standard should be clear and understandable by those who must comply.*

- 8. Clear Language** — Each Reliability Standard should be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, should be able to arrive at a consistent interpretation of the required performance.
- 9. Practicality** — Each Reliability Standard should establish requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.

**Order No. 672 Criterion:**

**Costs to be considered for smaller entities but not at consequence of less than excellence in operating system reliability**

**330.** *A proposed Reliability Standard may take into account the size of the entity that must comply with the Reliability Standard and the cost to those entities of implementing the proposed Reliability Standard. However, the ERO should not propose a “lowest common denominator” Reliability Standard that would achieve less than excellence in operating system reliability solely to protect against reasonable expenses for supporting this vital national infrastructure. For example, a small owner or operator of the Bulk-Power System must bear the cost of complying with each Reliability Standard that applies to it.*

**Order No. 672 Criterion:**

**Implementation time**

**333.** *In considering whether a proposed Reliability Standard is just and reasonable, the Commission will consider also the timetable for implementation of the new requirements, including how the proposal balances any urgency in the need to implement it against the reasonableness of the time allowed for those who must comply to develop the necessary procedures, software, facilities, staffing or other relevant capability.*

- 10. Consistent Terminology**— Each Reliability Standard should use a set of standard terms and definitions (~~NERC Glossary of Terms~~) that were developed and approved through the NERC Reliability Standards Development Process.<sup>5</sup>
- 11. Regulatory Directives** — Standard Drafting Teams should adequately address all applicable FERC regulatory directives when revising or developing Reliability Standards.
- 12. ~~Consideration of Comments~~Adherence to Standard Processes Manual** — SDTs ~~should be charged with adhering to all applicable processes set forth in the NERC Standard Processes Manual, Appendix 3A to the NERC Rules of Procedure.~~ SDTs should be responsive to all comments received during the formal comment periods and to the formal comments received during the initial ballot periods. Appropriate technical justification should be provided by the SDT for each response to the comments and stakeholder issues.

Order No. 672 Criterion:

Whether the ~~reliability standard~~ Reliability Standard process was open and fair

*§ 334. Further, in considering whether a proposed Reliability Standard meets the legal standard of review, we will entertain comments about whether the ERO implemented its Commission-approved Reliability Standard development process for the development of the particular proposed Reliability Standard in a proper manner, especially whether the process was open and fair. However, we caution that we will not be sympathetic to arguments by interested parties that choose, for whatever reason, not to participate in the ERO's Reliability Standard development process if it is conducted in good faith in accordance with*

Version History			
Version	Date	Owner	Change Tracking
1	May 16, 2014	Standards Information Staff	Updated template
2	January 18, 2017	Standards Information Staff	Periodic review; clarifying updates made.
<u>3</u>	<u>June 10, 2019</u>	<u>Standards Information Staff</u>	<u>Template and formatting updated; underwent editorial review</u>

<sup>5</sup> These terms are set forth in the *Glossary of Terms Used in NERC Reliability Standards*, [https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary\\_of\\_Terms.pdf](https://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf).