

October 12, 2022

Mr. Roy Jones, Chair
NERC Member Representatives Committee

Dear Roy:

I invite the Member Representatives Committee (MRC) to provide policy input on a matter of particular interest to the NERC Board of Trustees (Board) as it prepares for its November 16, 2022, meeting in New Orleans, LA. In addition, policy input is requested on any items on the preliminary agendas for the quarterly Board, Board Committees, and MRC meetings. The preliminary agendas are included in the [MRC Informational Session agenda package](#) (see Item 1) and are attached hereto (**Attachment A**). The MRC's November agenda includes an opportunity for MRC members to provide additional input to the Board on the final agenda and materials. **As a reminder, please include a summary of your comments in your response (i.e., a bulleted list of key points) for NERC to compile into a single summary document to be provided to the Board for reference, together with the full set of comments.**

Standards Process Improvement Opportunities

Since 2007, mandatory Reliability Standards have played an integral role in addressing new and emerging risks to the reliability and security of the grid. Given the pace of change taking place on the bulk power system, NERC must continually improve its standard development processes to ensure that they are nimble and agile enough to keep pace with the speed at which novel risks are emerging. With the importance of addressing the challenges of the transforming grid in mind, the Board directed NERC staff at its February 10, 2022, meeting, to examine the body of rules regarding Reliability Standards development and, considering the feedback of stakeholders, recommend such changes that would improve NERC's ability to address urgent reliability needs with appropriate agility, and maintain (i) the key role of stakeholders in producing consensus standards and (ii) the essential ANSI principles of reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

NERC staff developed preliminary recommendations and convened a Standards Process Stakeholder Engagement Group (SPSEG) appointed by me to provide feedback and develop consensus recommendations consistent with the Board's direction. This group included representatives from the Board, NERC staff, MRC, Standards Committee, Compliance and Certification Committee, Reliability and Security Technical Committee, and Reliability Issues Steering Committee, with representation from U.S. and Canadian entities.

The SPSEG has developed recommendations to propose to the Board, as outlined in the attached memo (**Attachment B**). They fall into the following categories: revisions to Section 300 of the NERC Rules of Procedure, revisions to the *Standard Processes Manual*, recommendations for standing committees, and a review of the Registered Ballot Body criteria. The recommendations are intended to preserve and improve the

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

essential elements of our standards process while making it less burdensome and time consuming for both industry and NERC staff.

Additional supporting information for the attached recommendations is provided in a reference document prepared by NERC staff: [Enhancing NERC Standard Processes: NERC Staff Recommendations, October 2022](#).^{*} The SPSEG also prepared proposed [redlines to the NERC Rules of Procedure Section 300](#)^{*} and [redlines to the Standard Processes Manual](#)^{*} for implementing the related recommendations.

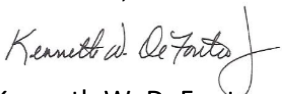
The Board will review the recommendations and policy input received at its November meeting and decide on next steps. Any proposed revisions to the NERC Rules of Procedure and *Standard Processes Manual* would follow the required processes in accordance with Article XI of the [NERC Bylaws](#) and Section 15.0 of the [current Standard Processes Manual](#), respectively, before any action by the Board.

The Board requests MRC policy input on the following, in relation to improving NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests:

- 1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?**
- 2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?**
- 3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?**
- 4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?**
- 5. Are there additional recommendations the Board should consider?**

Written comments in response to the input requested above, the preliminary agenda topics, and on other matters that you wish to bring to the Board's attention are due by **November 1, 2022**, to Kristin Iwanechko, MRC Secretary (Kristin.Iwanechko@nerc.net). The formal agenda packages and presentations for the Board Committees meetings will be available on October 31, 2022. The formal agenda packages for the Board and MRC meetings will be available on November 2, 2022, and the presentations will be available on November 9, 2022. The Board looks forward to your input and discussion of these matters during the November 2022 meetings.

Thank You,



Kenneth W. DeFontes, Jr., Chair
NERC Board of Trustees

cc: NERC Board of Trustees
Member Representatives Committee

^{}To minimize the size of Policy Input Package, links have been provided in the Policy Input Letter that equate to the reference to attachments in the Recommendations memorandum to the Board of Trustees.*

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Member Representatives Committee (MRC)

Pre-Meeting and Informational Webinar
October 12, 2022

RELIABILITY | RESILIENCE | SECURITY



- Review schedule and preliminary agenda topics for the November 2022 Board, Board Committees, and MRC meetings
- Review policy input letter topic
 - Standards Process Improvement Opportunities
- 2022-23 Winter Reliability Assessment: Early Findings on Fuel Risks

- **October 12:** Policy input letter issued
- **October 31:** Open Board Committees agenda packages and presentations posted
- **November 1:** Written comments due on policy input topics and preliminary agenda topics
- **November 2:** Board and MRC agenda packages and policy input letter comments posted
- **November 7:** Board Committee open meetings
- **November 9:** Board and MRC presentations posted
- **November 15-16:** Board and MRC open meetings

Schedule of November Board, Board Committee, and MRC Open Meetings

Monday, November 7, 2022 (Virtual)*	
10:00 a.m.-10:45 a.m.	Corporate Governance and Human Resources Committee Meeting— <u>Open</u>
11:15 a.m.-12:15 p.m.	Finance and Audit Committee Meeting— <u>Open</u>
1:00 p.m.-2:00 p.m.	Compliance Committee Meeting — <u>Open</u>
2:30 p.m.-3:30 p.m.	Technology and Security Committee Meeting— <u>Open</u>
Tuesday, November 15, 2022 (New Orleans)**	
1:00 p.m.-4:00 p.m.	Member Representatives Committee Meeting— <u>Open</u>
5:00 p.m.	Reception
Wednesday, November 16, 2022 (New Orleans)**	
9:30 a.m.-1:00 p.m.	Board of Trustees Meeting— <u>Open</u>

**November 7 Board of Trustees Open Committee meeting times are Eastern*

***November 15-16 MRC and Board of Trustees open meeting times are Central*

- Approve Board of Trustees Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey
- Annual Review of Trustee Compensation
- Status of Washington, D.C. Office

- **Third Quarter Statement of Activities**
 - NERC Summary of Results as of September 30, 2022
 - Total ERO Enterprise Summary of Results as of September 30, 2022
 - Regional Entity Variance Reports as of September 30, 2022
- **2023 Business Plan and Budget Status**
- **2024 Business Plan and Budget Schedule**

- CMEP Implementation Plan
- Facility Ratings Update

- E-ISAC Operations Update
- 2023 ERO Applications Update

- Future Meetings
- Election of MRC Officers for 2023
- MRC Sector Nominations and Elections Schedule
- General Updates and Reports
 - Board of Trustees Nominating Committee Update
 - Business Plan and Budget Input Group Update
 - Regulatory Update
- Policy and Discussion Items
 - Responses to the Board's Request for Policy Input
 - Standards Process Improvement Opportunities
 - Additional Policy Discussion of Key Items from Board Committee Meetings
 - MRC Input and Advice on Board Agenda Items and Accompanying Materials

- **Technical Updates**

- Review of Inverter-Based Resource Trends and the Bulk Electric System
- Winter Weather Preparedness Update
- Update on FERC Reliability Matters
- Bulk Power System Situation Awareness Update

- Report on the November 15, 2022 Closed Meeting
- Board Committee Reports
 - Accept Third Quarter Statement of Activities
- Standards Quarterly Report and Actions
 - Adopt 2020-03 Supply Chain Low Impact Revisions
 - Adopt 2021-04 Modifications to PRC-002-2
 - Approve Reliability Standards Development Plan
 - Accept Low Impact Criteria Review Team Recommendations
 - Standards Process Improvement Opportunities

- **Other Matters and Reports**
 - Discuss Policy Input and MRC Meeting
 - Approve 2023 NERC Work Plan Priorities
 - Approve Generating Availability Data System (GADS) Data Request for Utility-Scale Solar Plants and Updates for GADS Wind and Conventional GADS
 - 2022 Long-Term Reliability Assessment Preview
 - 2022-2023 Winter Reliability Assessment Preview
 - ERO Enterprise Reliability Indicators Update
- **Committee, Forum, and Group Reports**



Questions and Answers

To: NERC Board of Trustees

From: Standards Process Stakeholder Engagement Group

Re: Recommended Enhancements to the NERC Reliability Standards Development Process and Considerations for Future Work

Date: October 10, 2022

The North American Electric Reliability Corporation (NERC) Standards Process Stakeholder Engagement Group (SPSEG) appreciates the opportunity to present its unanimous recommendations to the NERC Board of Trustees (Board) to enhance the ability of NERC's standard development processes to address urgent reliability needs with greater agility, while maintaining the central role of NERC's stakeholders in standards development and consistency with ANSI core principles for fair, open, and balanced standards development.

Consistent with the Board's February 10, 2022 directive, NERC convened the SPSEG to provide feedback on recommendations developed by NERC Staff to enhance NERC's standard development processes, while preserving the core elements of an open and inclusive process. The SPSEG met several times throughout the summer and fall of 2022 to provide feedback on the NERC Staff recommendations, which are included with this document, and develop this list of recommended actions for the Board's consideration.

The SPSEG believes this consensus package of incremental standards process improvements and other actions will allow the standards development process to move forward more quickly. We estimate these changes will save, on average, approximately six months per project. Given the many emerging risks to reliability that NERC faces today, we believe that making the changes proposed is very important. We urge the Board to move these issues forward through the required NERC processes, including seeking stakeholder and Member Representatives Committee input, with due dispatch.

These recommendations fall into the following categories:

- Recommendations to revise Section 300 of the NERC Rules of Procedure, which governs at a high level NERC's reliability standards development processes;
- Recommendations to revise Rules of Procedure Appendix 3A, *Standard Processes Manual*, which provides implementing detail in support of standards development;

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

- Recommendations for further work by the Standards Committee to support efficiencies in the administration of the standards development process;
- Recommendations for the Standing Committee Coordination Group to support efforts to improve cross-functional coordination and project prioritization;
- A recommendation for the Reliability and Security Technical Committee (RSTC), to increase transparency in the RSTC processes for developing and endorsing proposed standards projects; and
- A recommendation to initiate a review of the Registered Ballot Body (RBB) criteria.

A brief summary of the basis for each of the SPSEG's recommendations is provided below. Additional supporting information and discussion for the standards procedural recommendations is provided in the attached reference document, prepared by NERC Staff (**Attachment 1**).

Members of the SPSEG

The SPSEG consists of the following representatives from the NERC Board of Trustees, NERC Member Representatives Committee, and NERC standing committees, representing both U.S. and Canadian entities:

- Roy Thilly, SPSEG Chair, NERC Board of Trustees
- Sue Kelly, NERC Board of Trustees
- Rob Manning, NERC Board of Trustees
- Amy Casuscelli, Chair, Standards Committee
- Paul Choudhury, Immediate Past Chair, Member Representatives Committee
- Jennifer Flandermeyer, Vice Chair, Member Representatives Committee
- Greg Ford, Chair, Reliability and Security Technical Committee
- Rich Hydzik, Vice Chair, Reliability and Security Technical Committee
- Roy Jones, Chair, Member Representatives Committee
- Commissioner Matt Schuerger, Member Representatives Committee
- Brian Allen Slocum, Chair, Reliability Issues Steering Committee
- Scott Tomashefsky, Chair, NERC Compliance and Certification Committee

Recommendations to Revise the NERC Rules of Procedure Section 300

The SPSEG recommends that the Board direct NERC Staff to propose revisions to Section 300 of the NERC Rules of Procedure as provided below. A proposed redline document implementing these recommendations is attached as **Attachment 1-A**.

1. NERC Should Revise Section 316 of the NERC Rules of Procedure to Eliminate the Requirement for ANSI Accreditation (NERC Staff Recommendation 1).

The SPSEG recommends removing the requirement that NERC maintain American National Standards Institute (ANSI) accreditation for its standard development processes in Section 316 of the NERC Rules of Procedure. NERC has maintained an ANSI-accredited process as a means of satisfying the statutory requirement, contained in Section 215 of the Federal Power Act, that NERC have rules that provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards. However, the complex regulatory framework in which NERC operates needs greater flexibility than permitted by the ANSI procedural requirements for continued accreditation. For example, NERC has to maintain special processes, outside of the usual ANSI accredited process, to meet its statutory obligations and respond to regulatory directives. Moreover, there is no flexibility to consider changes to the implementing procedural details that may provide for a more efficient use of NERC and industry resources. NERC's current application for recertification has been pending at ANSI for more than three years. Neither NERC nor the North American Energy Standards Board (NAESB) have been willing to file standards for approval as desired by ANSI and, as noted above, certain provisions in the NERC process currently deviate from ANSI procedural requirements for certification in order to comply with FERC directives.

Recognizing the key role of stakeholders in the Electric Reliability Organization model, the SPSEG recommends retaining the core principles of an ANSI-accredited process in Section 304 of the Rules of Procedure and Section 1.4 of the *Standard Processes Manual*, with certain revisions discussed in the next section. The *Standard Processes Manual* establishes and governs NERC's standards development processes. Any changes in the *Manual* must be approved by stakeholders by ballot. This structure ensures that the core ANSI principles will continue to apply.

2. NERC should revise the Rules of Procedure to provide the Board with the authority to direct the development of a Reliability Standard (NERC Staff Recommendation 5).

The SPSEG recommends creating a new process in the Rules of Procedure (in a new Rule 322) to provide the Board with the authority to direct the development of a Reliability Standard where the Board finds that issuing a directive is essential to address an urgent reliability issue. NERC has responsibility under Section 215 of the Federal Power Act to develop, establish, and enforce Reliability Standards that will ensure the reliability of the bulk power system (BPS). This revision will make it clear that NERC has the authority in the Rules of Procedure to meet this fundamental responsibility. The recommended language will provide an important safety valve in the event the usual processes are not working and the reliability of the grid is at risk.

The proposed process provides for openness, transparency, and opportunity for public comment prior to the issuance of the directive and stakeholder involvement in standards development. It is modeled on the process currently in place under Rule 321 that enables the Board to be sure that NERC complies with a regulatory standards directive. That process has never been used, but is essential for NERC to meet its statutory responsibility. The SPSEG believes that new proposed Rule 322 also should not need to be used,

but believes that the Rule must be in place to enable NERC meet its Section 215 responsibilities in extraordinary circumstances.

- 3. NERC should revise the Rules of Procedure to include projects to address Board directives in the scope of Rule 321 (NERC Staff Recommendation 5).**

Related to the above recommendation, the SPSEG recommends revising Rule 321 of the Rules of Procedure, Special Rule to Address Certain Regulatory Directives, to include projects to address Board directives.

Recommendations to Revise the *Standard Processes Manual*

The SPSEG recommends that the Board direct NERC Staff to submit a request to revise Rules of Procedure Appendix 3A, *Standard Processes Manual*, as provided below. A redline implementing these recommendations is attached as **Attachment 1-B**.

- 1. NERC should revise Section 1.4 of the *Standard Processes Manual* to reflect that NERC's process is modeled on the ANSI Essential Requirements but is separately governed and not bound by ANSI's procedural benchmarks and certification requirements as explained above (NERC Staff Recommendation 1).**

Consistent with the recommended revision to Section 316 of the Rules of Procedure, the SPSEG recommends revising Section 1.4 of the *Standard Processes Manual* to reflect that NERC's process is modeled on the ANSI Essential Requirements and those core principles form the framework for NERC's process, but there are several differences in how they are implemented due to NERC's statutory and regulatory responsibilities. Conforming changes to remove reference to ANSI requirements would be required in other sections as well (e.g., Sections 10.0, 13.0, 16.0).

- 2. NERC should revise Section 4.2 of the *Standard Processes Manual* to clarify what it means for Standard Authorization Requests (SARs) to have had some vetting in industry and are thus eligible for informal posting (NERC Staff Recommendation 2d).**

The SPSEG recommends revising this section to clarify that SARs that have had some vetting in industry includes those that are endorsed by the NERC technical committees (e.g., Reliability and Security Technical Committee) or other organizations identified by the Standards Committee for that purpose (e.g., pre-qualified organizations that already can submit compliance guidance). The SPSEG also recommends including SARs to address Board directives in the scope of SARs that may be posted for informal comment, consistent with recommended revisions to the Rules of Procedure.

- 3. NERC Should Revise Section 4.12 of the *Standard Processes Manual*, and make other conforming changes as necessary, to create a tiered structure for comment periods (NERC Staff Recommendation 3d).**

The SPSEG recommends creating a tiered comment period structure, under which initial formal postings and ballots would be posted for a minimum of 45 days, with shorter minimum comment periods for

subsequent postings when the issues are likely to have narrowed. Drafting teams are free to choose longer periods if it would aid in stakeholder review, and the Standards Committee's ability to direct longer or shorter periods is not changed.

4. NERC Should Revise Section 4.13 of the *Standard Processes Manual* to Eliminate the Requirement for a Final Ballot to Confirm Approval (NERC Staff Recommendation 3c).

The SPSEG recommends revisions to remove the final ballot and provide that the standards process would be concluded when the team has made a good faith effort at resolving objections, is not making any substantive changes (as that term is presently defined in the *Standard Processes Manual*), and the previous ballot achieved the requisite ballot body approval. Public notice would be provided. Conforming changes would be required to other sections of the *Standard Processes Manual* to remove reference to the final ballot, including deletion of current Section 4.14.

5. NERC Should Revise Section 7.2 to Allow the Standards Committee to Appoint ERO Enterprise Staff to an Interpretation Drafting Team (NERC Staff Recommendation 4).

The SPSEG recommends giving the Standards Committee the *option* to appoint ERO Enterprise Staff to an interpretation drafting team, in lieu of or in addition to the usual stakeholder participation, to facilitate timely development of interpretations.

6. NERC Should Revise Section 16.0 to include Board Directives in the Scope of Circumstances for which the Standards Committee may Grant a Standards Process Waiver (NERC Staff Recommendation 5).

The SPSEG recommends making a conforming change to Section 16.0, Waiver of the *Standard Processes Manual* to include Board directives, consistent with the recommendation to create a new process by which the Board may issue such directives.

Recommendations for the Standards Committee

The SPSEG has several recommendations for the Standards Committee related to the efficient administration of the standards development process, including how it applies existing rules in the *Standard Processes Manual*, as follows.

1. The Standards Committee should appoint a single drafting team to address both the SAR and standard development phases for a project (NERC Staff Recommendation 2b).

The SPSEG recommends appointing a single drafting team, at the outset, to handle both phases of standards development, consistent with the *Standard Processes Manual*. This would create the expectation of continuity, enable entities to better plan their resource commitments, and avoid unnecessary process steps which add delay.

2. The Standards Committee should provide guidance to drafting teams on the role of the SAR in the standards development process (NERC Staff Recommendation 2c).

The SPSEG recommends that the Standards Committee advise drafting teams of the need to clearly identify in the SAR the issues motivating a particular project, but not to attempt to limit the potential outcomes of the standard development process through overly prescriptive SAR language.

3. The Standards Committee should implement certain changes in how it administers current processes to facilitate the efficient administration of the SAR phase for projects eligible to be posted for informal comment (NERC Staff Recommendation 2d).

The SPSEG recommends the Standards Committee: (1) create a presumption that all SARs endorsed by the RSTC have had some industry vetting under Standard Processes Manual Section 4.2 and should be posted for informal comment. The same presumption should apply to SARs submitted by other industry stakeholder groups such as the list of organizations that are pre-qualified to submit compliance guidance;¹ and (2) clarify that re-acceptance of SARs is not required for SARs that are posted for informal comment and whose scope is not materially changed in response to comments.

4. The Standards Committee should implement certain changes in how it administers current processes to facilitate the efficient administration of the SAR phase for projects that must be posted for formal comment (NERC Staff Recommendation 2f).

The SPSEG recommends the Standards Committee: (1) refer any questions regarding the technical support for a proposed SAR to the RSTC or hold a comment period for that purpose, consistent with the *Standard Processes Manual*; and (2) provide guidance to drafting teams to assess whether a project has sufficient stakeholder support, including developing a list of uniform questions to be used during comment periods for that purpose.

5. The Standards Committee should revise its Charter, and adopt other practices, to facilitate the efficient administration of the standards process generally (NERC Staff Recommendations 3a, 3b).

The SPSEG recommends the Standards Committee revise its Charter to allow expanded use of the Executive Committee to keep progress advancing on projects in-between scheduled meetings of the full Committee consistent with an open and transparent process, including revisions to address the following:

- Expanding the authority of the Executive Committee to authorize administrative actions (e.g., posting for supplemental drafting team nomination periods and posting for supplemental SARs for projects in active development);

¹ The SPSEG also recommends revisions to Section 4.2 of the *Standard Processes Manual* to codify this presumption in the Rules of Procedure.

- Expanding the authority of the Executive Committee to approve procedural actions relating to supplemental or revised SARs postings during the standard drafting phase, as well as the authority to allow shortened informal comment periods for such SARs;²
- Clarifying that the Chair and Vice Chair are voting members of the Executive Committee;
- Allowing for the election of up to seven members to the Executive Committee; and
- Clarifying that all actions of the Executive Committee must be open to the public; documented in meeting minutes; and reported out to the full Standards Committee at its next regularly scheduled meeting.

The SPSEG recommends that the Standards Committee consider expanded use of the consent agenda for noncontroversial items for its full Committee meetings.

The SPSEG also recommends that the Standards Committee consider using the Section 16.0 Waiver procedure more broadly than it has been currently used, to shorten the usual processes for making changes to standards where the change has already been vetted through the process and, if made, would advance the goal of producing consensus, quality standards.

6. The Standards Committee should revise its guidance for drafting teams with respect to the development of implementation guidance and compliance elements (NERC Staff Recommendation 6).

The SPSEG recommends the Standards Committee revisit drafting team guidance materials to provide drafting teams with flexibility on whether they will develop any implementation guidance during standards development or after, and to encourage drafting teams to work closely with NERC Staff on the development of Violation Risk Factors/Violation Severity Levels.

Recommendations for the Standing Committee Coordinating Group

The SPSEG has several recommendations for the Standing Committee Coordinating Group (SCCG), which consists of representatives from the Compliance and Certification Committee, Personnel Certification Governance Committee, Reliability Issues Steering Committee (RISC), RSTC, and Standards Committee. These recommendations are intended to draw upon the cross-functional expertise of this group and preserve vital feedback loops across the different functional areas, as follows.

1. The SCCG should review the SAR Form and recommend revisions to enhance the role of this important tool in the standards process (NERC Staff Recommendation 2a).

Consistent with the SAR-related recommendations for the Standards Committee, the SPSEG recommends the SCCG review the SAR Form and recommend revisions that would focus on: (1) the reliability problem or need for a given project; (2) the proposed scope of work, without prescribing the specific means for

² In the alternative, the Standards Committee could adopt a delegation resolution to that effect.

achieving the desired outcome; and (3) information to aid in project prioritization, such as applicable directives, RISC prioritization, risk areas identified in reliability assessments, or other relevant information.

2. The SCCG should perform a regular review of new standards projects to aid in effective project prioritization (NERC Staff Recommendation 2g).

The SPSEG recommends that the SCCG perform a quarterly review of new standards projects and prioritization, and through its work, recommend any changes that would ensure that: (1) these prioritization processes are effective and sustainable; (2) NERC and industry are using their standard development resources effectively to address, in a timely manner, the most urgent reliability concerns; (3) projects are proceeding in accordance with expectations and prioritization; and (4) feedback loops are maintained across the different NERC functional areas (technical, standards, compliance monitoring and enforcement).

3. The SCCG should work to expand participation in the Reliability Standards Quality Review process (NERC Staff Recommendation 7).

The SPSEG recommends the SCCG explore ways to increase the pool of stakeholders available to perform quality reviews of draft Reliability Standards, with an emphasis on adding expertise in compliance.

Recommendation for the RSTC

1. The RSTC should enhance its process for endorsing draft SARs prepared by its subcommittees and working groups by increasing transparency and stakeholder awareness of this process (NERC Staff Recommendation 2e).

Consistent with previous SAR-related recommendations, the SPSEG recommends the RSTC enhance transparency and awareness of its SAR endorsement process so stakeholders will feel confident those SARs have had some vetting in industry already and may be posted for informal comment periods under the *Standard Processes Manual*.

Recommendation for RBB Review

1. NERC Staff should initiate a review of the Registered Ballot Body criteria (NERC Staff Recommendation 8).

The SPSEG recommends that NERC Staff initiate a broad review of the current Registered Ballot Body Criteria (Appendix 3D to the Rules of Procedure) for continued fairness, openness, inclusivity, and balance in standards voting. Such a review is appropriate in light of changes to the BPS and should be performed with consideration to historical participation patterns among the current segment classes.

Conclusion

The SPSEG appreciates the opportunity to provide these recommendations to the Board regarding standards process enhancements and other work to advance NERC's critical reliability mission.

Attachments

Attachment 1: *Enhancing NERC Standard Processes: NERC Staff Recommendations (Oct. 2022)*

Attachment 1-A: Draft Redline, NERC Rules of Procedure Section 300

Attachment 1-B: Draft Redline, NERC Rules of Procedure Appendix 3A, *Standard Processes Manual*

MEMORANDUM

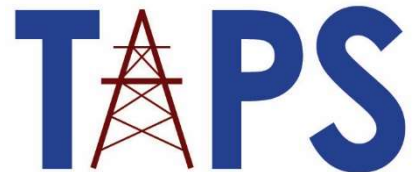
TO: Ken DeFontes, Chair
NERC Board of Trustees

FROM: John McCaffrey, Senior Regulatory Counsel, American Public Power Association
John Di Stasio, President, Large Public Power Council
Terry Huval, Executive Director, Transmission Access Policy Study Group

DATE: November 3, 2022

SUBJECT: Response to Request for Policy Input to NERC Board of Trustees

The American Public Power Association, Large Public Power Council, and Transmission Access Policy Study Group concur with the Policy Input submitted today by the State/Municipal and Transmission Dependent Utility Sectors of the Member Representatives Committee, in response to NERC Board Chair Ken DeFontes' October 12, 2022 letter requesting policy input in advance of the November 15-16, 2022 NERC Board of Trustees meetings.



NERC Board of Trustees Policy Input – Q4 2022

Electricity Canada appreciates this opportunity to provide policy input to the NERC Member Representatives Committee (“MRC”) and Board of Trustees (“Board”).

Summary of Key Points:

- Electricity Canada is supportive of the proposed recommendations for standards process improvement, noting that reserving the use of new Board authorities for only appropriate and extraordinary use, as NERC has described, will be important. Exercising the flexibility provided for formal comment period durations will also be important for complex issues.
- Electricity Canada encourages NERC to consider whether it may be appropriate to extend the definition of ‘industry vetting’ to include SARs covering issues which have been identified by the ERO as risks and which are already covered by regional criteria.
- Electricity Canada supports the ISO/RTO Council’s recommendation related to ensuring that Standard Drafting Team membership reflects representation from all segments relevant to the reliability objective in each project.
- Electricity Canada encourages NERC to consider how to avoid potential duplication of efforts related to resource adequacy, given the current designation of resource adequacy as a Regional Entity level issue within section 313 of the Rules of Procedure.
- Electricity Canada also encourages NERC to work closely with the regions, as a risk that is identified at a regional level may have the potential to be a continent-wide risk.
- Electricity Canada appreciates NERC leveraging the policy input letter process as a forum for stakeholder feedback on this topic, while recognizing that the topic may still benefit from additional stakeholder engagement.

Standards Process Improvement Opportunities

Electricity Canada appreciates NERC’s attention to the standards development process, and its efforts to identify recommendations to that ensure the process evolves to keep pace with the speed of emerging risks. Overall, Electricity Canada is supportive of the recommendations proposed by NERC staff and appreciates the opportunity to provide input in response to this timely topic as part of the policy input letter. At the same time, Electricity Canada recognizes that the breadth of this topic merits further stakeholder discussion and engagement beyond the policy input letter response process, and would encourage NERC to ensure that stakeholder perspectives are fully considered before implementation.

Specific comments follow.



1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

Electricity Canada supports the proposed recommendations so long as appropriate caution and practice are maintained to ensure that the provision of new Board authorities is reserved for appropriate and extraordinary use.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

Overall, Electricity Canada supports the recommendation of a tiered approach to the formal comment period posting requirements. However, it will be important to ensure that the flexibility available is exercised as needed, especially for complex issues or documents which have been extensively modified between comment periods.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

Overall, Electricity Canada agrees with the proposed recommendations.

Further, Electricity Canada encourages NERC to consider whether, for Recommendation 2d, it may be appropriate to extend the definition of 'industry vetting' to include SARs covering issues which have been identified by the ERO as risks and which are already covered by regional criteria.

We are also supportive of the ISO/RTO Council's recommendation related to ensuring that Standard Drafting Team membership reflects representation from all segments relevant to the reliability objective in each project.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

Electricity Canada supports the recommendation to review the Registered Ballot Body criteria.

5. Are there additional recommendations the Board should consider?

Electricity Canada encourages NERC to consider how to appropriately address resource adequacy within the NERC Rules of Procedure Section 300. In section 313, resource adequacy is identified as an issue to be addressed at the Regional Entity level. However, this may lead to potential duplication of efforts, given the emerging risks of resource adequacy (for example, its inclusion in the NERC RISC ERO Reliability Risk Priorities Report from July 2021). Electricity Canada does not have a specific recommendation at this time but raises this point for awareness in consideration of the current proposed revisions, overall ERO Enterprise efficiency, and ongoing attention to resource adequacy issues.

Relatedly, Electricity Canada encourages NERC to work closely with the regions, as a risk that is identified at a regional level may have the potential to be a continent-wide risk. One approach may be





conducting a periodic exercise to determine the added value of integrating regional criteria requirements that respond to identified NERC RISC ERO Reliability priorities into a standard at a continent-wide level.

Finally, Electricity Canada recognizes and appreciates the topic put forward for consideration in this policy input letter. The standards development process is a substantive and significant aspect of NERC's operations, and while the topic may yet benefit from additional stakeholder engagement beyond the policy input package, leveraging that process as a forum for stakeholder feedback is appreciated.

Electricity Canada appreciates the ongoing stakeholder engagement regarding this issue, and looks forward to further discussion at the upcoming NERC Board meeting in November.

Dated: November 3, 2022

Contact:

Francis Bradley
President & CEO
Electricity Canada
Bradley@electricity.ca





Policy Input for the NERC Board of Trustees Provided by the Edison Electric Institute November 2, 2022

On behalf of our member companies, the Edison Electric Institute (“EEI”) appreciates the opportunity to provide the following policy input for the NERC Board of Trustees to review in advance of the November 15 - 16, 2022, meetings. EEI perspectives on bulk-power system (“BPS”) reliability are formed by our CEO Policy Committee on Reliability, Security, and Business Continuity and the Reliability Executive Advisory Committee with the support of the Reliability Technical Committee.

In the October 12, 2022, policy input letter, NERC Board of Trustees (BoT”) Chair, Kenneth W. DeFontes, Jr., seeks stakeholder input in relation to improving NERC’s ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comments, due process, openness and balance of interest.

I. SUMMARY OF COMMENTS

- EEI supports improving the agility of the standards process while enhancing existing transparency, engagement, and collaboration with industry.
- EEI generally supports the proposed changes to the Standards Development Process.
- EEI does not support the proposed addition of section 322 of the Rules of Procedure (“RoP”).
- For risks that need to be addressed quickly, existing tools such as BoT resolutions, level 3 Alerts, and technical workshops are valuable to ensure the risks and problem statements are understood and that solutions address the risk.
- EEI supports the proposed recommendations for the Standards Committee and Standing Committee Coordinating Group.
- EEI supports NERC’s recommendations to increase transparency and stakeholder awareness of the role that the Reliability and Security Technical Committee (“RSTC”) plays in the Standards Authorization Request (“SAR”) process. Transparency and wide stakeholder awareness of subcommittees’ activities, including potential SAR development is needed.

- EEI supports initiating a review of the Registered Ballot Body and any such reviews should include a diverse group of industry representatives.

II. COMMENTS

The Board of Trustees seeks policy input to improve NERC's ability to address urgent reliability needs.

EEI supports improving the effectiveness and agility of NERC while enhancing transparency, engagement, and collaboration between all involved parties to ensure both stakeholders and NERC have the same understanding of the issues, risks, gaps, and priorities. A common understanding is vital to successfully solving complex problems effectively and efficiently while ensuring solutions are practical, technically feasible, and implementable.

NERC proposes to make a number of changes to the Standards Development Process. We recognize that presentation of the policy input package necessarily allows for limited time to review, thus we look forward to providing more fulsome feedback after the changes are posted for public comment. That said, based on a preliminary review, EEI generally supports these changes and agrees with the proposed enhancements to the Standards Process Manual to ensure the process is effective and efficient. In particular, we support implementing a tiered commenting period that allows the drafting team flexibility for a longer comment period/ballot when needed. EEI is also in support of the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and RSTC. Described below, EEI provides additional considerations to further enhance the recommendations. EEI supports the recommendation to initiate a review of the Registered Ballot Body criteria. This strategic review should include industry representatives familiar with and impacted by the procedural implications of proposed changes. Finally, EEI does not support the addition of Section 322 to the RoP which gives the BoT the authority to direct the development of standards because the significant benefits of and requirements for stakeholder collaboration will be diminished. As described below, EEI provides additional considerations to further enhance the recommendations.

The Standard Development Process enhancements proposed in the white paper and policy input recommend eliminating the requirement for the American National Standards Institute ("ANSI") accreditation while maintaining an open, inclusive, flexible, and agile standards development process. Specifically, the proposal recommends NERC incorporating the essential requirements identified by ANSI in the Standards Process Manual. These ANSI principles are time-tested and have been effective since the inception of mandatory reliability standards. EEI supports codifying the ANSI principles in the Standards Process Manual (Appendix 3A to the RoP). However, the proposal to change the RoP to give authority to the BoT to issue directives runs counter to the ANSI principles as well as with the

general principles of board governance. Board directives under the new authority would have the effect of supplanting the stakeholder process.

Central to the ERO model in the Federal Power Act Section 215 statutory framework is stakeholder participation and engagement. This is because users, owners, and operators of the BPS - those that plan, operate, and protect the grid on a daily basis - are critical to understanding reliability and security risks and identifying the best approaches to mitigate those risks. The stakeholder-driven collaborative model is what makes the ERO unique and valuable and differentiates its role to develop, modify, and approve Reliability Standards from the FERC rulemaking processes pursuant to the Administrative Procedure Act. Industry stakeholders have a demonstrated track record of consistently responding swiftly, when needed, to address emerging and critical risks to reliability and security. Further, explanation about urgent needs to be addressed would be helpful to better understand the concern with the current process and where it may be deficient. Additionally, while there has been a commitment to use the authority sparingly, the proposed language is inadequate to prevent future boards from using it more freely.

EEl suggests that NERC take an alternative approach to address urgent reliability needs that include greater agility. The BoT already has existing tools and processes to address emerging risks quickly, including resolutions, Level 3 Alerts, and technical workshops. These tools ensure that stakeholders collaborate on defining the issue and problem statement to identify and implement solutions to ensure the reliability and security of the BPS. In addition to collaborating with industry to address an urgent reliability need, the Level 3 Alerts along with the other activities could shorten the implementation period for a Reliability Standard if it is subsequently determined one is needed. If an issue rises to the level of the need for a standard, history has shown that industry will quickly address reliability and security risks. For example, the development of the CIP-014 Physical Security Reliability Standard exemplifies where and how industry and NERC collaborated and prioritized development and approval of a needed standard. Industry and NERC had the same success in streamlining the development of the CIP-013 Supply Chain Reliability Standard to address emerging supply chain risks.

By design, the Standard Development Process is not meant to address risks in near real-time. After a risk is identified and a Reliability Standard is determined to be the appropriate tool to address the risk, any stakeholder, including the BoT, can initiate a SAR. Additionally, BoT directives and filings that truncate or override stakeholders' input would create greater inefficiencies by shifting discussion and deliberation of disagreements to FERC, thereby complicating and extending the FERC approval process, and thus delaying the implementation of standards. This would decrease agility rather than improve it. For example, in early 2022, NERC made the decision to remove restrictions on the dissemination of critical compliance information from the NERC CIP-014 Physical Security Standard. Because there was not meaningful opportunity for industry to collaborate and discuss the proposed

modification, including its impacts on reliability and security, industry had to voice its concerns through the FERC rulemaking process.

Another iterative step to develop a more effective and efficient standards process is to improve identification and prioritization of risks through enhancements to the RSTC processes. While developing problem statements, receiving industry feedback, and allowing for adequate discussion can take time, this upfront RSTC committee work ensures timely and effective project success. The RSTC and its subcommittees should increase transparency and stakeholder involvement and awareness of both the RSTC SAR development process and the activities of subcommittees in advance of a SAR being submitted to the RSTC for endorsement. Because RSTC subcommittees are not sector represented, it is important to engage all sectors of industry representatives to ensure the underlying problem statements are clear. Broad and diverse industry representation from the outset will ensure ERO solutions are practical, technically feasible, and implementable. More fulsome industry engagement is important as the work products presented to the RSTC generally set the direction and do not always contemplate jurisdiction or compliance, both of which are necessary for solutions that require creating new or revising Reliability Standards.

Thank you for the opportunity to provide policy input.

TO: Kenneth W. DeFontes, Jr., Chair
NERC Board of Trustees

FROM: Edison G. Elizeh
Federal Utility/Federal PMA Portion Sector 4

DATE: November 1, 2022

SUBJECT: Response to Request for Policy Input to NERC Board of Trustees

The Portion of Sector 4 representing the Federal Utilities and Federal Power Marketing Administrations (Federal PMAs), appreciate the opportunity to respond to your October 12, 2022 letter to Mr. Roy Jones, Chair NERC Member Representative Committee (MRC), requesting input on certain policy issues. The Federal PMAs appreciate the opportunity to provide comments on the policy input of particular interest to the NERC Board of Trustees (Board) for their November 2022 meeting.

- The Federal PMAs have no further input on the Board and MRC’s agenda. The items listed in draft agenda adequately represent the issues the Board and MRC need to discuss and approve.
- Federal PMAs agree with the recommendations provided by NERC Staff and was reviewed by the Standards Process Stakeholder Engagement Group (SPSEG) on improvements of the current processes and proposed changes to section 300 of the Rules of Procedures. The Federal PMAs suggest additions of a few items listed below:
 - a. The Board goal should be to maintain and enhance the reliability and security of the Bulk Electric System (BES) and the word “security” should be added to the appropriate section of the proposed revisions to section 300 of Rules of Procedures.
 - b. It is critical for all the entities to be part of a registered ballot body if their electrical facilities are either directly or in-directly connected to the BES. The definition of the BES in the Rules of Procedures is no longer adequate due to penetration of the power system by distributed energy resources and inventor based resources. Most of these facilities are connected to either facilities that operate below 100kV or are connected to the distribution facilities that currently are under State or local jurisdictions. Furthermore, the existing threshold on step-up transformers is set at a level such that many of these facilities do not reach that threshold.
 - c. NERC and the proposed committee structures need to review and modify the current standards, and put in place appropriate standards

- which address the grid transformation. These standards must be technically sound, clearly written, implementable, and enforceable. The applicability of the standards needs to be applied to the entities that are the owner/operators who are in the best position to address the particular risks and not to put the burden on a particular sector that has no direct control over the issue.
- d. The Board needs to communicate in a clear and concise manner their jurisdiction and delegated authority that is given to them under section 215 of the Federal Power Act for all electrical facilities that directly or indirectly impact performance of the BES. The Federal PMAs outlined this matter in more detail in their response to the Policy Input Letter dated Aug. 3, 2022.
 - e. The Board needs to consult with MRC prior to issuing directives as outlined in revised section 300 of the Rules of Procedures.

The following are more specific responses to questions asked by the Board in the Policy Input Letter;

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

The Federal PMAs agree with the proposed recommendation for the Board to provide public notice of its intent to direct the development of a new or revised Reliability Standard to address a matter it has deemed essential to provide for an adequate level of reliability for the Bulk Power System (BES). The Federal PMS would like to propose addition of “Security” in the appropriate sections of the Section 300.

In addition, it is important for the Board to consult with the MRC prior to issuing the directives and making sure the registered entities who are impacted by the standards have sufficient time to implement and have the necessary systems in place for monitoring and performance.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

The Federal PMAs agree with the five recommendations addressed in the Oct. 2022 report. The Federal PMAs urge the Board to consider inclusion of a requirement that adequate time be provided for registered entities to implement the necessary processes and systems needed to comply with the standards.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

Yes, the current structure brings more focus and unity across the three committees and actions can be taken at a much faster pace than the prior committee structure.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

The Federal PMAs appreciate the conclusion and recommendations provided by the NERC Staff and reviewed by the Standards Process Stakeholder Engagement Group (SPSEG). It is critical for all the entities' electrical facilities that are, either directly or indirectly, connected to the BES to be registered. The Rules of Procedures defines "BES" as "all Transmission Elements operated at 100 kV or higher and Real Power and Reactive Power resources connected at 100 kV or higher. This does not include facilities used in the local distribution of electric energy." And the current BES definition includes number of inclusions and exclusions which need to be reviewed.

This definition with the inclusions and exclusions needs to be reviewed and modified to capture the current grid transformations we face due to the introduction of distributed energy resources and inventor based resources that are connected on the distribution system. Their aggregate, which is not all connected to a single point on the BES, could have implications on reliability and security. Such a change will expand the current registered body under the mandatory standards.

5. Are there additional recommendations the Board should consider?

The Federal PMAs believe the focus of the proposed changes needs to be supported with appropriate technical studies showing the dynamic performance of the system with additions of renewable resources and retirement of existing fossil fuel generation. These studies should be presented in a manner such that all regulatory bodies, legislators, and the public understand the Board goals and objectives in maintaining and enhancing the reliability and security of the BES system.

The Federal PMA appreciate the opportunity to provide this policy input to the NERC Board of Trustees.



ISO/RTO Council's (IRC) Policy Input to Board of Trustees

November 1, 2022

The ISO/RTO Council¹ (IRC) offers the following input to the Member Representatives Committee (MRC) in response to Mr. Kenneth W. DeFontes, Jr.'s, letter dated October 12, 2022 on Standards Process Improvement Opportunities.

The IRC is encouraged by the Standards Process Stakeholder Engagement Group (SPSEG) efforts to improve the standard development process as a number of the recommendations are consistent with suggestions we have made in previous MRC Policy inputs.² With nineteen active standard projects and at least eleven more identified at the last Reliability and Security Technical Committee (RSTC) meeting, we agree that changes are needed to address this volume of projects efficiently and effectively. The IRC supports many of the SPSEG recommendations that focus on expediency in developing standards, but believe that further changes can be made to improve the quality and effectiveness of the final standards, including the review of the Registered Ballot Body (RBB).

IRC Summary Comments

The IRC agrees with all of the SPSEG recommendations impacting the North American Electric Reliability Corporation (NERC) Rules of Procedure and Standards Process Manual but have recommendations for the Tiered Comment Structure proposal and elimination of the Final Ballot. We support all of the proposals for the Standards Committee (with the exception of the expanded role for the Executive Committee), the Standing Committee Coordinating Group and the Reliability and Security Technical Committee although we do suggest some additions be made to the Standard Authorization Request (SAR) Form. The IRC believes it is critical to review the Registered Ballot Body. We also provide recommendations that will not only help reach consensus faster but also address reliability gaps better by increased alignment of the standards process with the responsible functional registrations.

IRC Responses to Specific MRC Policy Input Questions

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

The IRC understands NERC's desire to discontinue the American National Standard Institute (ANSI) accreditation for its standard development process and supports NERC's recommendation to maintain consistency with ANSI principles that provide reasonable notice and opportunity for industry comment, due process, openness and

¹ The IRC is comprised of the Alberta Electric System Operator (AESO), the California Independent System Operator Corporation (California ISO), Electric Reliability Council of Texas, Inc. (ERCOT), the Independent Electricity System Operator of Ontario, Inc., (IESO), ISO New England, Inc. (ISO-NE), Midcontinent Independent System Operator, Inc., (MISO), New York Independent System Operator, Inc. (NYISO), PJM Interconnection, L.L.C. (PJM), and Southwest Power Pool, Inc. (SPP).

² IRC Policy Input dated April 27, 2022.

<https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/Policy-Input-Package-May-2022-PUBLIC-POSTING.pdf> and IRC Policy Input dated October 20, 2021.

<https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/Policy-Input-Package-November-2021-PUBLIC-POSTING.pdf>



balance of interests. We support the recommendation to provide the NERC Board with the authority to direct the development of a Reliability Standard, so long as the procedural details outlined in the proposed Rules of Procedure redlines are maintained. We believe this will provide NERC the means to more expediently address reliability and security risks to the Bulk Power System (BPS); e.g., lessons learned from major events, when needed.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

The IRC supports SPSEG Recommendations 1, 2, 5 and 6. We agree that the tiered comment approach in Recommendation 3 may be provided as an option to “fast track” projects that are limited to a single standard and/or minor modifications. However, we do not think it is appropriate for all standard projects, as it may not decrease development time when the project involves multiple standards and/or complex issues. Shortened comment periods will require more postings to obtain industry consensus. To encourage industry to reduce reliability gaps sooner, we suggest that NERC provide for an early adaption period that would allow industry to voluntarily accelerate migration to the new standards without the potential for compliance penalties before they become mandatory.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

Standards Committee

We agree with Recommendations 1, 2, 3, 4 and 6. The IRC offers an alternative to Recommendation 5 that proposes to expand the use of the Executive Committee. This recommendation is aimed at addressing urgent action needed between the regularly scheduled Standard Committee (SC) meetings. As of now, the SC has meetings scheduled nearly every month of the year. We would prefer the SC meeting schedules be adjusted when needed to allow full committee participation. Any expanded authority should be limited and the broader committee representation should be allowed to participate and provide their input to the Executive Committee.

Standing Committee Coordinating Group

The IRC agrees with all of the recommendations for the Standing Committee Coordinating Group, but what is missing is a project priority ranking process. With so many changes in the industry driving the need for new standards, stakeholder resources must be allocated appropriately to the highest risk projects. We recommend that the following be added to the SAR form; a risk prioritization ranking for each standard project, a proposed timeline for completion based on the risk ranking and identification of all responsible entities to ensure complementary requirements are placed on all entities needed to meet the reliability objective.

While one of our suggestions is to include a proposed timeline for completion, we caution that a shortened time period may limit quality debate on important issues. We suggest that the Standards Committee adjust the project completion timeline when appropriate to allow sufficient time for critical reliability concerns to be addressed before allowing the standard project to go out for final ballot.

To ensure that all entities are appropriately held responsible for their reliability obligations in NERC reliability standards, the IRC suggests that for each standard development project, NERC identify all functional entities necessary to fulfill the reliability objective of the standard (i.e. in the “Reliability Chain”). Standard Drafting Team (SDT) membership should also include representation from all segments relevant to the reliability objective in each project. These recommendations should ensure that final standards recognize all of the



functional entities that play a part in the reliability objective, those that must comply with the requirement and those that are the recipient of the service provided. The former will have the best insight as to **how** to perform the requirement, whether it be analyzing, monitoring, owning and operating a facility, or providing needed data. The later will have the best perspective on **what** service or data must be provided to achieve the ultimate reliability objective.

Reliability and Security Technical Committee

The IRC agrees with the RSTC recommendation, as it should enhance transparency and awareness of SAR endorsement processes. However, we do ask that the RSTC improve the transparency of documents related to standards as the current practice limits some documents to RSTC member distribution only.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

Yes. The IRC believes this is an important aspect to consider when reviewing standard development process improvement opportunities. The RBB segments are based on an industry structure and ownership type that was in place fifteen years ago. Today, entities responsible for the Reliability Coordinator (RC) and Planning Coordinator (PC) standards are limited in number and mostly found within just twelve companies. Of the ten RBB segments, only three have an “independent, wide-area reliability” perspective when it comes to voting decisions; ISO/RTOs, Federal State and Provincial Regulators and Regional Reliability Organizations and Regional Entities. The other segments are primarily comprised of entities with interests in owning and operating BPS assets and must consider more localized priorities, many with shareholder obligations. As such, we also suggest that NERC analyze past balloting trends across the suite of Reliability Standard families to see if voting outcomes have favored some perspectives over others. We believe that voting outcomes should be fair to the needs of all the impacted entities by functional entity registration.

5. Are there additional recommendations the Board should consider?

The IRC believes improvements can be made to NERC and SDT administrative processes that will reduce the time between postings, where a majority of time dedicated to standards development resides, such as targeted industry comment questions, streamlining responses to individual comments and adding a technical writer to SDTs.

Conclusion

The IRC appreciates the opportunity to provide our policy input to the MRC for NERC’s upcoming Board meeting. We support many of the SPSEG recommendations and their intent, but believe that additional process improvements are needed to improve the quality of the final the standards. We look forward to working with NERC and industry stakeholders on the details involved with these recommendations and participating in the review of the Registered Ballot Body.

**Policy Input to the NERC Board of Trustees
November 16, 2022 Meeting
Provided by the North American Generator Forum**

The North American Generator Forum (NAGF) appreciates the opportunity to provide policy input for the NERC Member Representatives Committee (“MRC”) and Board of Trustees (“BOT”) in response to BOT Chair Kenneth W. DeFontes, Jr.’s letter dated October 12, 2022. The NAGF provides the following policy input in advance of the NERC BOT meeting.

Summary

Item 1: Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

The NAGF agrees with the proposed recommendations to revise the NERC Rules of Procedure Section 300 for retaining the core principles of the ANSI-accredited process in Section 304 of the Rules of Procedure and Section 1.4 of the Standard Processes Manual.

The NAGF does not support creating a new process in the Rules of Procedure (in a new Rule 322) to provide the Board with the authority to direct the development of a Reliability Standard.

Item 2: Do you agree with the proposed recommendations to revise the Standard Processes Manual?

The NAGF does not support certain proposed recommendations for revising the Standards Process Manual as follows:

- Some level of SAR vetting by NERC technical committees or qualified organizations prior to informal posting
- Removal of the final ballot under certain conditions
- The appointment of ERO Enterprise Staff to an interpretation drafting team, in lieu of stakeholder participation

These issues and recommendations for proposal modifications are discussed further in detail below.

Item 3: Do you agree with the proposed recommendations

**for the Standards Committee, Standing Committee
Coordinating Group, and Reliability and Security
Technical Committee?**

The NAGF supports the proposed recommendations for the Standing Committee Coordinating Committee as well as the Reliability and Security Technical Committee. The NAGF does not support certain recommendations proposed for the Standards Committee.

Item 4: Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

The NAGF supports the proposed recommendation to initiate a review of the Registered Ballot Body criteria.

Item 5: Are there additional recommendations the Board should consider?

The NAGF has no additional recommendations.

Discussion

The BOT requests MRC policy input on the following:

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

- a) The NAGF agrees with retaining the core principles of the ANSI-accredited process in Section 304 of the Rules of Procedure and Section 1.4 of the Standard Processes Manual. The ANSI core principles have historically served as the foundation for providing reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards.
- b) The NAGF does not support creating a new process in the Rules of Procedure (in a new Rule 322) to provide the Board with the authority to direct the development of a Reliability Standard where the Board finds that issuing a directive is essential to address an urgent reliability issue.

The NERC Board of Trustees already has existing tools and processes to address emerging risks quickly, including resolutions, Level 3 Alerts, and technical workshops. These tools ensure that stakeholders collaborate on defining the issue and problem statement to successfully identify and implement solutions to ensure the reliability and security of the BPS. If an issue rises to the level of the need for a standard, history has shown that industry will quickly address reliability and security risks. The development of the CIP-014 Physical Security Reliability Standard exemplifies where and how industry collaborated and prioritized development and approval of a needed standard. Industry had the

same success in streamlining the development of the CIP-013 Supply Chain Reliability Standard to address emerging supply chain risks.

The NAGF request additional clarity as to what conditions would activate this new process. Furthermore, the SPSEG recommendation states that this new process will provide an “important safety valve in the event the usual processes are not working” and it will enable NERC meet its Section 215 responsibilities in “extraordinary circumstances”. The NAGF requests additional clarification regarding this language as well.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

- a) The NAGF agrees with the recommendation to revise Section 1.4 of the Standard Processes Manual to reflect that NERC’s process is modeled on the ANSI Essential Requirements and those core principles form the framework for NERC’s process, but there are several differences in how they are implemented due to NERC’s statutory and regulatory responsibilities.
- b) The NAGF does not support the SPSEG recommendation to clarify what it means for Standard Authorization Requests (SARs) to have had some vetting in industry and are thus eligible for informal posting. Technical committees and qualified organizations may not fully represent industry. Therefore, industry involvement is essential for vetting draft SARs prior to informal posting and will ultimately result in a viable draft standard for balloting, thereby facilitating projects moving forward.
- c) The NAGF supports the SPSEG recommendation to remove the final ballot only if the ballot body approval is equal to or above a threshold (ex. 80%) that ensures there is a firm majority of industry support.
- d) The NAGF supports the SPSEG recommendation giving the Standards Committee the option to appoint ERO Enterprise Staff to an interpretation drafting team only in addition to, not in lieu of, the usual stakeholder participation, to facilitate timely development of interpretations. The NAGF is concerned that including such language would allow the ERO to drive the interpretation development process without stakeholder engagement.
- e) The NAGF supports the recommendation for implementing a tiered commenting period that allows the drafting team flexibility for a longer comment period/ballot when needed. NAGF recommends developing criteria for drafting teams to refer to when determining the appropriate length of time for additional ballots.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

a) Standards Committee:

- i. The NAGF supports the recommendation for the Standards Committee to appoint a single drafting team, at the outset, to handle both phases of standards development, consistent with the Standard Processes Manual. This would create the expectation of continuity, enable entities to better plan their resource commitments, and avoid unnecessary process steps which add delay. Note that changes to the SAR could impact expertise needed and thus the makeup of the Standards Drafting Team.
- ii. The NAGF supports the recommendation that the Standards Committee advise drafting teams of the need to clearly identify in the SAR the issues motivating a particular project, but not to attempt to limit the potential outcomes of the standard development process through overly prescriptive SAR language.
- iii. The NAGF does not support the recommendation for the Standard Committee to (1) create a presumption that all SARs endorsed by the RSTC have had some industry vetting under Standard Processes Manual Section 4.2 and should be posted for informal comment. The NAGF takes issue with the presumption that SARs endorsed by the RSTC or other Technical Committees have some industry vetting. See response 2b above for details.
- iv. The NAGF does not support the recommendation that the Standards Committee (1) refer any questions regarding the technical support for a proposed SAR to the RSTC or hold a comment period for that purpose, consistent with the Standard Processes Manual. The NAGF recommends that stakeholder outreach, not the RSTC, is the preferred method to address technical support questions for a proposed SAR.
- v. The NAGF supports the recommendations that the Standards Committee revise its Charter to allow expanded use of the Executive Committee to keep progress advancing on projects in-between scheduled meetings of the full Committee and revisit drafting team guidance materials to provide drafting teams with flexibility on whether they will develop any implementation guidance during standards development or after, and to encourage drafting teams to work closely with NERC Staff on the development of Violation Risk Factors/Violation Severity Levels.

b) Standing Committee Coordinating Group

- i. The NAGF supports the proposed recommendations to revise the SCCG. Efforts to perform a review of the SAR form, perform periodic project prioritization reviews, and expand participation in the Reliability Standards Quality Review process are necessary to ensure the effectiveness of the NERC standards processes. The NAGF requests that SCCG meetings be open, transparent,

and adequately noticed.

- c) RSTC:
 - i. The NAGF supports the recommendation for the RSTC to enhance transparency and awareness of its SAR endorsement process.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

The NAGF supports the proposed recommendation to initiate a review of the Registered Ballot Body criteria.

5. Are there additional recommendations the Board should consider?

The NAGF has no additional recommendations.

October 31, 2022

Cooperative Sector Policy Input to the NERC Board of Trustees

The Cooperative Sector appreciates the opportunity to provide policy input to the NERC Board of Trustees (BOT) regarding recommendations developed by the Standards Process Stakeholder Engagement Group (SPSEG) for modifications to the NERC Rules of Procedure and the Reliability Standards Process Manual (SPM) to address the directives issued in February 2022 by the NERC Board that would improve NERC's ability to address urgent reliability needs with appropriate agility, and maintain (i) the key role of stakeholders in producing consensus standards and (ii) the essential ANSI principles of reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

Summary of Policy Input

The Cooperative Sector continues to support efforts to address emerging risks and believes that the recommendations developed by the SPSEG to the existing processes and procedures provides opportunities for efficiencies with the flexibility to address "urgent reliability needs". The proposed modifications still allow stakeholders to be actively engaged in the development of Reliability Standards and also reinforces the willingness of both stakeholders and its regulators to provide a transparent framework to improve existing processes and procedures for enhanced grid reliability.

Responses to the specific questions asked by the NERC Board

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?
 - The Cooperative Sector supports the proposed changes to Section 300 including modifications to model the NERC process after ANSI, but not require ANSI accreditation. The suggested modifications closely resemble the use of expedited timelines with waivers that are occurring with Standards Committee approval that have been used on several recent development projects. Industry engagement is critical for the success of these efforts.
 - The NERC process must ensure that any NERC Board directives include an industry consensus building process to facilitate the effective and efficient response to directives and ensure that directives are written in a manner that avoids unintended consequences such as placing undue planning and operational burden on registered entities which could subsequently impact grid reliability. Board directives should be focused on identifying the reliability risk that needs to be addressed and should not prescribe solutions for the SDT to implement.
 - Board actions should not be limited to directives for reliability standards development but should consider the full toolset available to NERC to affect improved industry reliability, including guidance, white papers, and NERC Alerts.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?
 - The Cooperative Sector supports the proposed changes to the SPM. Although, there are reservations with the inclusion of NERC Staff and/or Regional Entity staff on interpretation drafting teams, guidelines should be established about the role of these participants. An option for consideration, is these participants are non-voting members of the Interpretation team, therefore, recognizing the industry as the final approvers of the work products. The goal in Reliability Standards development should be to develop and approve standards that don't need interpretations.
 - The improvements to the SAR process should allow the development of processes that provide for industry consensus at the SAR stage to mitigate many rounds of standards development that do not have such consensus. Cooperatives suggest including provisions for the SC to reject a SAR due to lack of industry consensus during the process.
 - The modifications to the periodic review cycle for standards provide an opportunity to review standards on more risk-based reliability concerns approach, rather than on an arbitrary time frame. The criteria to determine when to review a standard should include violations of the standards, and whether those violations were caused by confusion or ambiguity in the standards as well as impacts to grid reliability; outstanding mitigation plans; and whether a standard has had a request for interpretation.
3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?
 - The Cooperative Sector agrees with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee. These recommendations do streamline stakeholder processes and provide flexibility to take actions that will expedite the development and approval of Reliability Standards.
 - As part of the standards development process, Cooperatives recommend that SDTs work with NERC staff to develop implementation guidance in a manner that will ensure NERC endorsement along with the creation of Violation Risk Factors/Violation Severity Levels prior to the ballot process as both provide industry valuable context when evaluating proposed new or modified Standards.
 - We are very supportive of the recommendations that increase the development of industry consensus in the SAR endorsement processes. We believe that these processes will increase the efficiency of the standards development process overall.
4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?
 - The Cooperative Sector concurs with the recommendation to review the Registered Ballot Body
 - The success of the ERO model is the fair and balanced stakeholder representation. The goal of the review should be on ensuring continued inclusion to enable the consensus building process to occur with the RBB. Examples include removing those individuals

that have retired, changed jobs in their organization or are no longer employed by a NERC member.

- The outcome should not focus on reducing stakeholder engagement to influence reliable operation of the BES.

5. Are there additional recommendations the Board should consider?

- The Cooperative Sector has no additional recommendations.

The Cooperative Sector has always fully supported and will continue to support the fair and balanced sector approach taken by the ERO Enterprise as well as the opportunities for industry to leverage its technical expertise and achieve consensus through ERO Enterprise programs. Cooperatives are eager to be involved in the implementation of the changes while maintaining the existing safeguards for reliability and security of the BES.

Submitted on behalf of the Cooperative Sector by:

Patti Metro

Senior Grid Operations & Reliability Director

Business & Technology Strategies | National Rural Electric Cooperative Association

m: 571.334.8890

email: patti.metro@nreca.coop

NERC Board of Trustees
November 16, 2022
Policy Input of the Merchant Electricity Generator Sector

Sector 6, Merchant Electricity Generator Sector, takes this opportunity to provide policy input in advance of the upcoming North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC) and Board of Trustees (Board, BOT) meetings in New Orleans.

In a letter to MRC Chair Roy Jones dated October 12, 2022, Board Chair Kenneth DeFontes requested MRC input on five questions regarding the recommendations from the Standards Process Stakeholder Engagement Group (SPSEG). Sector 6 makes the following comments in response.

Key Points

- Sector 6 agrees with the proposed changes to the NERC Rules of Procedure (ROP) Section 300 subject to feedback from Canadian and Mexican regulators and stakeholders.
- Sector 6 generally agrees with the proposed recommendations to revise the Standards Process Manual with specific differences listed in our responses.
- Sector 6 generally agrees with the proposed recommendations to improve the Standing Committees and to initiate a review of the Registered Ballot Body criteria.

Sector 6 Comments for Policy Input

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

Sector 6 representatives agree with the proposed changes regarding ANSI accreditation with one caveat. One of the reasons ANSI accreditation of the NERC Standards Process was originally included in the Rules of Procedure was to assure Canadian and Mexican stakeholders and regulators that the standards process met their needs as well as those of entities and regulators in the United States. The fact that this independent accreditation has not occurred does not appear to have impeded the progress of standards development. Rather, it appears that these regulators have adapted to and accepted the NERC standards process. We look forward to Canadian and Mexican stakeholder input regarding this matter. We hope the proposed changes will meet their needs and ask NERC to weigh their input accordingly.

Sector 6 agrees with the concept of adding a new rule for the NERC BOT to direct the development of a Reliability Standard to address urgent reliability issues if there is full industry vetting of the directive prior to issuance as noted in the recommendation.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

Sector 6 agrees with the removal of provisions to ANSI requirements with the caveat noted above in Question 1.

Revising Section 4.2 to include some SAR vetting by additional industry groups will help the process move quicker, but the full industry will still need the ability to comment on the SARs prior to going into standards drafting. The Merchant Electricity Generator Sector unfortunately has limited representation in NERC technical groups, so for us the opportunity to vet and comment on SARs is critical.

We agree with the SPSEG recommendations to create a tiered comment period structure and revise Section 16.0 to allow for the waivers. We would like to see a final ballot be removed only in cases where an overwhelming majority of stakeholders approve of a standard. A good minimum threshold that demonstrates consensus is 80%. While technically a 2/3 approval is a majority, that leaves many stakeholders with unresolved objections who may want to change their final vote.

We agree, with reservations, with Section 7.2 revisions allowing ERO Enterprise Staff to serve as part of the interpretation drafting team. While it may streamline the process, we are concerned that industry expertise and perspectives may get downplayed while ERO staff advances views that may differ from what was originally intended by the drafting team. We are not in favor of interpretations being drafted solely by ERO staff. Sector expertise is needed for fair interpretations.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

We agree with the recommended changes for the Standards Committee, Standing Committee Coordinating Group, and the Reliability and Security Technical Committee within the standards process. These changes should make the process smoother and elevate proposed standard changes to their rightful priority.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

Yes, the Merchant Electricity Generators support the recommendation to initiate a review of the Ballot Body criteria.

5. Are there additional recommendations the Board should consider?

Sector 6 has no additional recommendations.

Sincerely,

/s/

Sector 6 Merchant Electricity Generator Representatives:

Martin Sidor
NRG Energy, Inc.

Sean Cavote
PSEG



Sector 8 Policy Input for the NERC Board of Trustees & Member Representatives Committee

November 16, 2022 Meeting

ELCON, on behalf of Large End-Use Consumers (Large Consumers), submits the following policy input for the consideration of NERC’s Board of Trustees (BOT) and the Member Representatives Committee (MRC). The policy input provided below responds to BOT Chair Kenneth Defontes, Jr.’s October 12, 2022 letter to Roy Jones, Chair of the MRC.

SUMMARY

Large Consumers (Sector 8) support NERC’s continued inquiry into opportunities to improve the standards process. The BOT requested MRC input on the following questions in relation to the Recommended Enhancements to the NERC Reliability Standards Development Process and Considerations for Future Work by the Standards Process Stakeholder Engagement Group (SPSEG):

- 1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?** Large Consumers acknowledge that eliminating the requirement for continued American National Standards Institute (ANSI) accreditation would provide opportunities for efficiency and streamlining, so long as NERC continues to observe the ANSI “Essential Requirements.” However, Large Consumers are concerned that the recommendation to provide a mechanism for the NERC Board to direct the development of standards is not consistent with these Essential Requirements. Accordingly, Large Consumers emphasize the importance of ensuring that any such procedures contemplated by SPSEG provide for openness, transparency, and opportunity for public comment prior to the issuance of any directive as well as stakeholder involvement in the development of any standards so directed by the Board.
- 2. Do you agree with the proposed recommendations to revise the *Standard Processes Manual*?** Large Consumers appreciate SPSEG’s interest in improving the efficiency and effectiveness of stakeholder engagement in the Standard Authorization Request (SAR) process as described in the *Standard Processes*

Manual and encourage further consideration of how best to leverage the technical expertise of NERC stakeholders through its committees.

3. **Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group (SCCG), and Reliability and Security Technical Committee (RSTC)?** Large Consumers are generally supportive of SPSEG's SAR-related recommendations to draw upon the cross-functional expertise of NERC's committees and preserve key avenues of stakeholder engagement. However, Large Consumers note that Sector 8 registered entities are resource-limited, and addition of a Sector 8 advocate to NERC Staff could significantly improve inclusivity and balance both in standards voting and other NERC processes.
4. **Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body (RBB) Criteria?** Large Consumers support SPSEG's recommendation that NERC Staff initiate a broad review of the current RBB Criteria for continued fairness, openness, inclusivity, and balance.
5. **Are there additional recommendations the Board should consider?** Large Consumers ask NERC to ensure that quality is not sacrificed for expediency under the contemplated revised Rules of Procedure. Similarly, we ask that stakeholder engagement, particularly among historically underrepresented groups such as consumers, continue to draw the focus of NERC and the SPSEG moving forward.

Recommendations to Revise the NERC Rules of Procedure Section 300

Large Consumers strongly encourage NERC to continue evaluation of standard development process improvements that will enhance NERC's ability to address reliability needs with appropriate flexibility, while maintaining a transparent and inclusive process. In particular, Large Consumers acknowledge the rapid changes occurring in the electricity sector and recognize the benefits of an agile development process in light of these changes. Accordingly, Large Consumers support SPSEG's efforts to promote efficiency in standard development, streamline process administration, and achieve an open and inclusive process that balances consumers' interests in reliability along with governmental and other industry interests.

With respect to SPSEG's recommendation to eliminate the requirement for continued accreditation by ANSI, Large Consumers note that while they have historically supported an ANSI-approved standards development process,¹ strict adherence to the specific ANSI procedural benchmarks and normative policies required for continued ANSI accreditation is not the only method by which NERC can ensure an open, fair,

¹ See, e.g., Policy Input to the NERC BOT and MRC – February 8, 2012, available [here](#).

and inclusive process. Prior to certifying NERC as the ERO, the Federal Energy Regulatory Commission (Commission) addressed the issue of ANSI accreditation in Order No. 672. The Commission stated:

Although we are not requiring that the ERO adopt an ANSI-certified approach to meet all of the requirements of section 39.3, we find that ANSI-accreditation is one reasonable means of doing so. We agree . . . that a process like the ANSI-certified process would ensure openness and balance the interests of stakeholders. However, we are concerned about the time it may take to develop a Reliability Standard under the ANSI-certified process.²

Therefore, pursuant to Order No. 672, accreditation by ANSI is not required to maintain NERC's status as the ERO. Consistent with the Federal Power Act,³ NERC must provide for fair representation of all stakeholders and must ensure due process, openness, and a balance of interests, but NERC is not required by the Commission to follow any particular standards development process. In light of the flexibility afforded by the Commission, Large Consumers echo the suggestion by SPSEG and others that eliminating the requirement for continued ANSI accreditation would provide opportunities for efficiency and streamlining so long as NERC continues to observe the ANSI "Essential Requirements." Large Consumers thus support the SPSEG's recommendation to retain the core principles of an ANSI-accredited process (*i.e.*, the Essential Requirements) in Section 304 of the Rules of Procedure and Section 1.4 of the Standard Processes Manual.

With respect to SPSEG's recommendation to provide the NERC Board with authority to direct the development of reliability standards where the Board finds that issuing such a directive is essential to address an urgent reliability issue, Large Consumers emphasize the importance of ensuring that any such procedures contemplated by SPSEG provide for openness, transparency, and opportunity for public comment prior to the issuance of any directive as well as stakeholder involvement in the development of any standards so directed by the Board. Streamlined procedures should not come at the expense of transparency and stakeholder engagement.

² *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, at P 672, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006) ("Order No. 672").

³ 16 U.S.C. § 824o(c)(2)(D).

Recommendations to Revise the *Standard Processes Manual*

For the reasons stated above, Large Consumers support SPSEG's recommendation to revise the *Standard Processes Manual* to reflect that NERC's process is modeled on the ANSI Essential Requirements, but is separately governed and not bound by ANSI's procedural benchmarks and certification requirements. Moreover, Large Consumers appreciate SPSEG's interest in improving the efficiency and effectiveness of stakeholder engagement in the SAR process as described in the *Standard Processes Manual*. Moving forward, new models and mechanisms should be explored in determining how best to leverage the technical expertise of NERC stakeholders through its committees, while ensuring that SAR drafting teams are equipped with the best relevant expertise available from industry and elsewhere.

Recommendations for the Standards Committee, SCCG, and RSTC

Large Consumers are generally supportive of SPSEG's SAR-related recommendations to draw upon the cross-functional expertise of NERC's committees and preserve key avenues of stakeholder engagement. However, Large Consumers consistently have noted that Sector 8 registered entities are severely limited with regard to the resources they can commit to ERO stakeholder responsibilities, including participation in NERC's various committees, sub-committees, task forces, and working groups. Large Consumers continue to believe that establishing a Sector 8 advocate on NERC Staff would help supplement our engagement in the standards development process and ensure that consumer interests in reliability are balanced appropriately along with consideration of technical feasibility, burden on registered entities, and the relative costs and benefits of specific measures to ensure reliable operation of the bulk power system.

Recommendations for RBB Review

Large Consumers support SPSEG's recommendation that NERC Staff initiate a broad review of the current RBB Criteria for continued fairness, openness, inclusivity, and balance in standards voting. Large Consumers agree that such a review is appropriate in light of changes in the electricity sector that are impacting the bulk power system, and that Staff's review should be performed with due consideration to historical participation patterns among the current segment classes. In particular, facilitating broader participation of Sector 8 registered entities will be crucial to achieving inclusivity and balance both in standards voting and other NERC processes. Large Consumers therefore urge NERC and SPSEG to focus on process improvements that will achieve closer engagement with historically underrepresented groups such as consumers.

Additional Recommendations for NERC's Consideration

Although Large Consumers acknowledge the significant and rapid changes in the electricity industry that are driving the need for standards drafting process improvements, we ask NERC to ensure that quality is not sacrificed for expediency. Similarly, we ask that stakeholder engagement, particularly among historically underrepresented groups such as consumers, continue to draw the focus of NERC and the SPSEG in considering streamlined Rules of Procedure.

Thank you for your consideration.

MEMORANDUM

TO: Kenneth W. DeFontes, Chair NERC Board of Trustees

FROM: Michael Moody and Darryl Lawrence – MRC Sector 9 Small End-Use Electricity Customer Representatives

DATE: November 1, 2022

SUBJECT: Small End-Use Sector (9) Response to Request for Policy Input to the NERC Board of Trustees

The representatives to the NERC Member Representatives Committee for the Small End-Use Customer Sector (9) appreciate the opportunity to provide these comments in response to the request in your letter to Mr. Roy Jones dated October 12, 2022.

The NERC Board of Trustees requested MRC sector policy input regarding the NERC Standards processes improvements and the Standards Process Stakeholder Engagement Group (SPSEG) preliminary recommendations.

The Small End-Use Sector (9) responds to the BoT's specific questions as follows:

The Board requested MRC policy input on the following specific questions:

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

Sector 9 Response: Sector 9 agrees with the proposed changes to the NERC Rules of Procedure to improve nimbleness so that NERC and its regulatory construct is more able to respond to the fast-changing structure of the electricity business while performing its role in maintaining and/or improving reliability and resilience.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

Sector 9 Response: Sector 9 agrees with the proposed changes to the Standards Processes Manual in particular to 1) streamline and simplify the SAR process, 2) streamline the standards balloting process steps and eliminate the unnecessary requirement for a final ballot. Allowing NERC to draft Standards interpretations may be problematic, however. It must be made clear that interpretations can not change the intent of a standard requirement as intended by the original drafting team to the extent that it can be determined based on the record of the standard development. The proposed balloting by industry of NERC Staff proposed interpretations should be able to address this concern.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

Sector 9 Response: Sector 9 agrees with the proposed change to allow the RSTC and its subcommittees and working groups to develop SARs and for the RTCS to endorse them. Sector 9 agrees that SARS that have been deliberated by the RSTC have had industry vetting by subject matter experts representing the industry, are therefore technically valid and should be posted for informal comment. The proposal for the RSTC to improve its process for endorsing SARS is appropriate.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

Sector 9 Response: Sector 9 supports the proposed review of the registered ballot body (RBB) along the lines outlined in recommendation #8 of the of the October 2022 recommendations calling for initiating a broader review of the RBB to assess whether the ten Segments that currently comprise the Registered Ballot Body and the associated qualification criteria continue to remain appropriate. Of course, any proposed changes in this area of the NERC RBB should have full industry engagement before approval.

5. Are there additional recommendations the Board should consider?

Sector 9 Response: As noted in the NERC Staff Recommendations “[t]he Standard Processes Manual provides for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing proposed Reliability Standards, consistent with Section 215 of the U.S. Federal Power Act and FERC regulations.” (Enhancing NERC Standard Processes, NERC Staff Recommendations, October 2022, p viii.) Sector 9 represents small end-use customers that many times lack the resources to effectively participate and provide comments on these reliability recommendations. Similar to the funding Consumer Advocates of PJM States (CAPS) receives to assist consumer advocates (who represent small end-use customers) to participate in PJM, NERC should consider some form of funding to assist Sector 9 representatives to travel and effectively participate at NERC meetings as well as consider consistently engaging with consumer advocate organizations like the National Association of State Utility Consumer Advocates in order develop small end-user education especially during this important time of energy transition in the country. In addition, an office within NERC to work with and engage the public similar to FERC’s Office of Public Participation would be an important addition.

MEMORANDUM

TO: Ken DeFontes, Chair
NERC Board of Trustees

FROM: John Haarlow
Terry Huval
John Twitty
Brian Evans-Mongeon

DATE: November 3, 2022

SUBJECT: Response to Request for Policy Input to NERC Board of Trustees

The Sector 2 and 5 members of the NERC Member Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to your October 12, 2022 letter to MRC Chair Roy Jones in which the Board of Trustees (Board) requests MRC input concerning the recommendations of NERC Staff and the Standards Process Stakeholder Engagement Group (SPSEG) “in relation to improving NERC’s ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests.”

The SM-TDUs respond to the Board’s questions below. We look forward to discussing these issues and other agenda items during the meetings of the Board and the MRC on November 15-16, 2022.

Summary of Comments

- The SM-TDUs support the Board’s asking NERC Staff to identify potential improvements to the standards development process, and we appreciate the White Paper’s presentation of recommendations in response.
- The SM-TDUs support improving the standards process and improving NERC’s agility. We are concerned, however, that some of the proposals set out in the White Paper may not be the most effective means of achieving the Board’s goals, and may even be counterproductive. Simply attempting to accelerate the process may result in increased numbers of failed ballots due to an inadequate technical foundation or curtailed solicitation and consideration of stakeholder feedback. But changes aimed at improving the quality of standards would, in addition to benefitting NERC’s core mission, likely reduce the delays occasioned by failed ballots and the need for major revisions. The proposals would therefore benefit from further exploration and stakeholder dialogue regarding potential improvements along those lines.
- In addition, the proposals would benefit greatly from incorporating additional vetting by the industry stakeholder committees identified in the proposal before a formal package of changes to amend the Rules of Procedure (ROP) and Standard Processes Manual (Manual)

is completed. Each committee should be afforded an opportunity to evaluate how the implementation of the proposals would impact committee operations, as well as future collaboration and coordination activities associated with the Risk Framework.

- The SM-TDUs' ability to assess the proposed ROP and Manual changes is compromised somewhat by the fact that the recommendations are based on an incomplete version of ROP section 321.
- Subject to the additional vetting proposed above, and in an effort to be responsive at this time, the SM-TDUs provide preliminary reaction to certain of the specific recommendations.

General Response

The SM-TDUs appreciate the Board for asking NERC Staff to identify potential improvements to the standards development process, and we appreciate the White Paper's presentation of recommendations in response to the Board's request. As the SM-TDUs have previously observed, nimbler ERO processes are desirable, and ERO agility is particularly important given the rapid changes in the electricity sector and the challenges that such changes can pose for the reliability of the Bulk Power System. Making the standards development process more efficient, while maintaining appropriate stakeholder input, holds promise for increasing ERO agility.

While the SM-TDUs offer some preliminary observations on particular White Paper recommendations below, our principal input is that the recommendations would benefit greatly from additional stakeholder feedback, including vetting by key stakeholder groups such as the Standards Committee, the Reliability and Security Technical Committee (RSTC), the Compliance and Certification Committee (CCC), as well as the Standing Committee Coordination Group (SCCG). The process changes being considered would impact a substantial part of the ERO Enterprise, and it is essential that any reforms effectively promote agility while avoiding unintended consequences that might actually undermine the goal of responding nimbly to emerging challenges to BPS reliability. Soliciting additional insights from affected stakeholders is not only appropriate here but critical to the ultimate success of this proposal. At a minimum, doing so will provide an opportunity to ensure that the Board's objectives are not inadvertently impacted by unforeseen issues.

The SM-TDUs respectfully submit that it is critical to "get it right" before posting the proposed ROP and Manual changes for comment, and before proposing any ROP changes to FERC. And while the SM-TDUs appreciate the chance to provide comments on the White Paper recommendations through the policy input process, the relatively compressed timeline to provide policy input and the lack of opportunity to discuss the proposed changes with other stakeholders limit the SM-TDUs' ability to perform a comprehensive evaluation of the recommendations. We feel that taking the time up front to solicit feedback, consider alternatives, and build consensus will yield a better, and less controversial, end result.

The SM-TDUs believe that a further process to vet the White Paper recommendations would be consistent with NERC Staff's proposed approach: In the White Paper, NERC Staff proposed as "next steps" that it would "provide this paper, along with the recommendations of the SPSEG, to the NERC Board of Trustees in determining which further actions are appropriate." A

Board resolution seeking additional evaluation of the recommendations by the impacted committees, and soliciting additional stakeholder comments, would be fully consistent with this proposal for next steps. As demonstrated by the processes for the creation of the RSTC and the Energy Resource Adequacy efforts, allowing for adequate vetting and dialogue ultimately yields a better result and gains efficiencies.

Responses to Specific Questions

1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?

Proposed Revisions to Section 316: The White Paper recommends revising ROP Section 316 to remove the requirement that NERC maintain American National Standards Institute (ANSI) accreditation for its standard development processes, while retaining the core principles of an ANSI-accredited process in ROP Section 304 and Section 1.4 of the Manual.

Subject to our general response above, the SM-TDUs believe that it may be reasonable to revise Section 316 to remove the specific ANSI accreditation requirement since the current process which allows for waivers and regulatory directives is not consistent with ANSI requirements, provided that the Reliability Standards-setting process remains truly consistent with the ANSI Essential Requirements. We note that at least two of the White Paper's recommendations do not appear to be in full accord with the ANSI Essential Requirements: (1) the proposal to eliminate the final ballot requirement (Recommendation 3c); and (2) tiered minimum comment periods (Recommendation 3d).

SM-TDUs do not perceive the final ballot itself to be a bottleneck; rather, the principal cause of delay at that stage is the process leading up to the final ballot where the Standard Drafting Team (SDT) reviews and replies to comments. For more complicated standards, or where the Standard Authorization Request (SAR) does not properly scope the standards, there can be many comments for the SDT to address. The delays associated with this process would be mitigated by the recommended change to the SAR scope process which will improve the focus of the standards, as well as by additional quality-focused improvements. The final ballot, moreover, serves an important purpose: Allowing voters to change their vote from no to yes based upon the final ballot revisions and the response to previous comments ensures that the final product is as good as it can be, and is supported by as much of the industry as possible.

As for tiered minimum comment periods, the SM-TDUs do not believe that current comment periods have created bottlenecks in the standards development process that warrant curtailing stakeholder feedback; in the experience of SM-TDUs, even in the case of additional comment periods, the full 45-day period is often needed to review a proposed standard and draft helpful comments. And, while the SM-TDUs understand these proposals merely reduce the minimum comment periods and do not mandate reduced timing, the ANSI Essential Requirements include the minimum 45-day comment period (and the final ballot) which can be preserved to meet the intention of retaining the core principles of an ANSI-accredited process. Rather than shortening minimum comment periods across the board, and asking SDTs to be the judge of whether a comment period should be extended, the existing timelines should be retained, and the

Standards Committee should continue to grant waivers shortening comment periods in particular cases where quicker action is needed.

New Rule 322 and Proposed Revisions to Rule 321: The White Paper recommends adding a new Rule 322 to give the Board authority to direct the development of a Reliability Standard where the Board finds that issuing a directive is essential to address an urgent reliability issue. Revisions are also proposed to Rule 321 to reflect the Board’s authority under new Rule 322 to direct the development of a Reliability Standard.

As an important threshold matter, we note that it appears that important provisions of the version of Rule 321 approved by the Board in December 2010 and subsequently approved by FERC in Docket No. RR09-06¹ have been inadvertently lost. Specifically, the version currently in use—including in the proposed redline of Section 300—omits language that was included in an errata filing by NERC in Docket No. RR09-06 on January 10, 2011; it is instead based on the version NERC submitted to FERC in December 2010, which the January 2011 errata filing characterized as “not includ[ing] the most up-to-date versions of the proposed revisions . . . that were approved by the NERC Board of Trustees on December 16, 2010.”² It seems that, due to an administrative mix-up in addressing the multiple sets of ROP revisions FERC had directed during that time period, the December 2010 version of Rule 321, rather than the errata version that had been approved by the Board and FERC, was used as the baseline for subsequent, unrelated compliance filings.³ We understand that NERC Staff intends to include the missing language in any posting of proposed changes to Section 300, but it is unclear whether or how the recommendations of NERC Staff or the SPSEG would have been different had they been aware of this issue from the outset.

In principle, however, and subject to our general response above, the SM-TDUs support ensuring that the Board has adequate authority. An important first step would be to review and clarify the Board’s existing authorities relevant to standards development. Any extension of the Board’s authority to call for the development of a reliability standard, and particularly putting the weight of Rule 321 behind that authority, should only be undertaken if sufficient guardrails can be devised. For example, the circumstances under which the Board would exercise its new authority and the expected process that would precede the directive, such as data gathering, technical conference, and white paper, should be delineated more clearly, and subject to additional procedural protections, such as a requirement that the Board respond in writing to any comments received on a proposed directive (as opposed to merely “considering” such comments). The process for seeking review of a directive should also be as consistent as possible with the FERC process; stakeholders should be permitted to appeal a Board directive to an Applicable Governmental Authority at the time the directive is issued, rather than waiting until a standard has been drafted and filed. And while access to the full set of options set out in Rule 321 is necessary in the case of FERC directives, it may be appropriate to make a subset of those options available in

¹ *North American Elec. Reliability Corp.*, 134 FERC ¶ 61,216 (2011).

² NERC, Errata, Transmittal Letter at 1, *N. Am. Elec. Reliability Corp.*, No. RR09-6-000 (Jan. 10, 2011), eLibrary No. 20110110-5167 (“January 10 errata”). A subsequent errata noted that the January 10 errata should have referred to revisions to “Section 300” rather than “Appendix 4D.” Letter from Holly A. Hawkins, NERC to Kimberly D. Bose, Sec’y, FERC, at 1, *N. Am. Elec. Reliability Corp.*, No. RR09-6-000 (Jan. 11, 2011), eLibrary No. 20110112-5017.

³ See, e.g., NERC, Petition for Approval of Revisions to the Rules of Procedure of the North American Electric Reliability Corporation, Att. 1B (Redlined Versions of the Revised Rules of Procedure, Sections 100 – 1600), *N. Am. Elec. Reliability Corp.*, No. RR12-3 (Nov. 29, 2011), eLibrary No. 20111129-5207.

the case of Board directives. SM-TDUs note, in addition, that care must be taken to avoid unintended consequences; for example, such expanded Board authority could negatively impact stakeholders' willingness to raise legitimate concerns about proposed standards, leading to less effective reliability standards and undermining the ERO stakeholder model.

2. Do you agree with the proposed recommendations to revise the Standard Processes Manual?

As explained in our general response above, the SM-TDUs believe that the specific recommendations for changes to the Manual require further vetting by stakeholders in general and by members of the impacted committees, particularly the Standards Committee, the RSTC, and the CCC. In the meantime, and subject to further stakeholder and committee input, the SM-TDUs offer the following observations on the Manual recommendations.

Revisions to section 1.4 addressing ANSI requirements: As discussed above, it may be reasonable to eliminate the specific ANSI accreditation requirement since the current process which allows for waivers and regulatory directives is not consistent with ANSI requirements, provided that the Reliability Standards-setting process remains truly consistent with the ANSI Essential Requirements. If consensus is reached on such a framework, conforming revisions to the Standard Processes Manual would be appropriate.

Revisions to section 4.2 addressing SARs vetting and informal posting: In general, the SM-TDUs believe it is important that SARs resulting from directives receive industry vetting by relevant subject matter experts (SMEs), and, thus, we believe that any SARs initiated through Board directives are unlikely to be good candidates for informal posting, even if the directive has been subject to notice and comment as contemplated by the recommended ROP changes. While the question of *whether* to respond to a regulatory directive is, of course, not up for debate, stakeholders must decide *how* to respond, which requires a sufficient understanding of the technical issues involved.

Revisions to section 4.12 addressing tiered comment periods: As discussed above, the SM-TDUs question whether tiered comment periods are consistent with ANSI Essential Requirements and/or whether such tiered comment periods would meaningfully improve the speed and agility of the standards development process.

Revisions to section 4.13 to eliminate the final ballot requirement: As discussed above, the SM-TDUs question whether elimination of the final ballot requirement would be consistent with ANSI Essential Requirements and/or whether eliminating the final ballot would meaningfully improve the speed and agility of the standards development process.

Revisions to section 7.2 to allow the Standards Committee to appoint Staff to an interpretation drafting team: The SM-TDUs question the particular need for this proposed change. In our view, the current Interpretation Drafting Team approach has worked well. The SM-TDUs would have some concern that a new team member may necessarily be less familiar with the background of the standard than existing SDT members, which could create inefficiency. At a minimum, if this recommendation is ultimately adopted, the Interpretation Drafting Team should still be composed predominantly of stakeholders, and any appointed Staff members should possess

relevant experience and technical expertise. A more effective way to reduce the strain on stakeholder resources posed by staffing Interpretation Drafting Teams may be to implement changes aimed at improving the clarity of standards up front, thus reducing the need for Interpretations.

Revisions to section 16.0 to allow standards process waivers for Board directives: The SM-TDUs note that a redline of this specific change has not been provided. In any case, the SM-TDUs believe that a change may not be needed here, but we are willing to consider a proposed revision before a formal package of changes is submitted.

3. Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group, and Reliability and Security Technical Committee?

Consistent with our general response above, the SM-TDUs believe that the specific recommendations should receive further vetting by the relevant committees, and such vetting is particularly important for those recommendations that propose changes to the committee processes. In an effort to be responsive, however, the SM-TDUs provide the following observations on the White Paper recommendations.

Recommendations for the Standards Committee: The SM-TDUs generally believe it would make sense for the Standards Committee to appoint a single drafting team to address both the SAR and standard development phases for a project. There still should be an extended period to assemble SMEs with technical expertise to join the SDT even after the SAR drafting team has been finalized.

As to the recommendation that the Standards Committee should provide guidance to SDTs on the role of the SAR in the standards development process, the SM-TDUs are concerned that this may impose a significant burden on the Standards Committee.

The SM-TDUs generally agree with the recommendation that the Standards Committee should consider certain changes in how it administers current processes to facilitate the efficient administration of the SAR phase for projects eligible to be posted for informal comment. As for Standards Committee changes to facilitate the efficient administration of the SAR phase for projects that must be posted for formal comment, the SM-TDUs question whether the Standards Committee should provide guidance on the criteria for “industry support” for a project, rather than spelling out such criteria in a Drafting Team Reference Manual for the SAR drafting team to review.

The SM-TDUs are open to the recommended charter changes regarding the role of the Executive Committee, although we question whether these changes are necessary given that the Standards Committee meets on a monthly basis with posted agendas, and with the opportunity for other meetings. The reliance on the Executive Steering Committee seems unlikely to save significant time, and it would add an additional administrative burden. In addition, the Standards Committee Charter should include language (mirroring the CCC Charter’s) to the effect that “[u]ltimate Committee responsibility resides with its full membership whose decisions cannot be

overturned by the Executive Committee, and which retains the authority to ratify, modify, or annul Executive Committee actions.”

Finally, the SM-TDUs question whether the Standards Committee should be tasked with revisiting drafting team guidance materials to provide SDTs with flexibility as to whether they will develop any implementation guidance. This task may also impose administrative burdens, and such questions could be addressed in the Drafting Team Reference Manual, and the NERC Staff standards facilitator could also play a role in addressing this issue.

Recommendations for the Standing Committee Coordinating Group: The recommendations for the SCCG generally appear reasonable, although it would be important for the SCCG, in reviewing new standards projects, to respect the internal processes of the SDTs so as not to impede efficiency and efficacy. Greater development of the recommendation to explore ways to increase the pool of stakeholders that can perform quality reviews of draft Reliability Standards is also necessary to ensure this recommendation would provide benefits without slowing down the standards development process.

Recommendations for the RSTC: The SM-TDUs generally see merit in the RSTC increasing transparency and stakeholder awareness of its process for endorsing draft SARs prepared by its subcommittees and working groups. The SM-TDUs also see that SARs can be better focused to start with. Leaving the SDT to develop technical justifications and other supporting field tests shouldn’t be in scope for the project teams; doing so results in unnecessary delays. This work is better identified, tracked, and supported in the RSTC process.

4. Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body criteria?

Subject to our general response above, the SM-TDUs are willing to consider a review of the Registered Ballot Body criteria. As a preliminary observation, we note that it is not clear what is meant by the suggestion to give “consideration to historical participation.” If, for example, this means to suggest that a segment should be eliminated or consolidated if participation by that segment has not been robust, the SM-TDUs do not necessarily agree with any such suggestion. In any event, if this recommendation were to be adopted, NERC Staff should include industry representatives from each segment in its review and develop a written report on its findings and/or proposals.

5. Are there additional recommendations the Board should consider?

SM-TDUs support improving the standards development process and ensuring that NERC can respond appropriately to urgent reliability issues. Changes that aim to improve the quality of standards are more likely to achieve that goal than are revisions that reduce stakeholder participation. As noted in the White Paper (at 4), two related reasons driving some projects’ “extended timeframes” are “the complex nature of the reliability issues being addressed, and differing opinions among NERC’s stakeholders regarding the optimal ways to address those issues.” It follows that such projects are unlikely to be accelerated without improved efforts to clarify the issues and address fundamental disagreements regarding the appropriate approach. Some of the White Paper’s proposals aim to make those sorts of changes, e.g. by expanding participation in the quality review process, but significant opportunities for improvement remain.

For example, one very impactful change would be to ensure that appropriate technical experts are on the SDTs. The SM-TDUs believe that ensuring such technical expertise would go farther to accelerate the standards development process than many of the other White Paper recommendations aimed at limiting bottlenecks. A lack of technical SMEs on SDTs contributes to unclear draft standards that stakeholders cannot support, thus requiring time-consuming rewrites and re-ballots. Care should be taken at the outset in appointing SDT members with the technical expertise to draft appropriate standards that can be passed by industry, while also being able to respond to comments from failed votes to assuage industry concerns and secure passage. This is just one example among many potential improvements; the Board should take the time to explore these ideas with stakeholders to ensure that it is using the most effective and efficient means of achieving its goals.