NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

January 17, 2024

Ms. Jennifer Flandermeyer, Chair
NERC Member Representatives Committee

Dear Jennifer:

I invite the Member Representatives Committee (MRC) to provide input on a matter of particular interest to the NERC Board of Trustees (Board) in preparation for its February 15, 2024, meeting in Houston, TX. In addition, input is requested on any items on the preliminary agendas for the quarterly Board, Board Committees, Technical Session, and MRC meetings. The preliminary agenda topics will be reviewed at the January 24, 2024, MRC Informational Session and are included in the posted agenda package (see Item 2).

Promoting Greater Industry Engagement, Alignment, and Accountability

The electricity industry is experiencing rapid change in how systems are designed, planned, operated, and secured. The future reliability and security ecosystem includes new risks, new complexities, new terminology, new requirements, new players, and jurisdictional challenges. As the industry landscape changes and the number and sophistication of risks increase, it is imperative that we develop a culture of accountability across all stakeholder groups. This will enable the ERO Enterprise to be effective in addressing the reliability, resilience, and security issues that face our industry.

The success of the ERO Enterprise model is dependent on balanced industry representation in its activities and processes, recognizing different voices and perspectives across the industry, including those of all players – incumbent and new entrants. While this diversity of thought and clarity of input is critical, it is ultimately necessary for the ERO Enterprise to set clear priorities for ensuring the reliability, resilience, and security of the bulk power system and work together with industry to create a culture of accountability across the entire reliability and security ecosystem to accomplish our goals as efficiently and effectively as possible.

The Board appreciates the work the MRC is currently doing to improve its effectiveness in representing NERC members and providing advice and recommendations to the Board on activities pertinent to the operations of NERC. As part of that work, the Board understands the MRC is discussing ways it can promote greater alignment, including identifying methods to clearly identify different positions of MRC Sectors, identify similarity between comments, gain transparency into where each MRC Sector stands on specific issues, and identify ways to package MRC feedback to improve the ability for the NERC Board to consider the feedback and incorporate it into its decisions and actions. The Board looks forward to the MRC's continuing efforts in this area.

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The Board also recognizes that there may be opportunities for NERC to help facilitate greater engagement from all participants – incumbent and new entrants- for more complete industry representation and promote greater alignment. Below are some key ways that NERC currently addresses these:

- Regular meetings and touchpoints with trade organizations and industry executives to help calibrate priorities, share progress, and gain input, with increasing focus on organizations that have not traditionally been as active within our ecosystem (for example, renewable energy associations, fuel suppliers and equipment suppliers).
- Collaborating with and leveraging where possible the high-quality work of other institutions, such as EPRI, the National Academy of Engineering, the Electricity Systems Integration Group, IEEE, Generator and Transmission Forums, among others.
- Increased outreach with state and provincial regulators and policy makers, through national associations such as NARUC, NASEO, CAMPUT and, in collaboration with the Regional Entities, at the State and Provincial level.

The Board is interested in whether there are other opportunities for NERC in promoting greater alignment and engagement and requests MRC input on the following:

1. **How can NERC help facilitate greater engagement from new entrants in the industry?**
2. **How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?**
3. **How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?**

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 **February 5, 2024,** to Kristin Iwanechko, MRC Secretary (Kristin.Iwanechko@nerc.net). 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. The formal agenda packages and presentations for the Board, Board Committee, Technical Session, and MRC meetings will be available on February 1, 2024. The Board looks forward to your input and discussion during the February 2024 meetings.

Thank You,

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

cc: NERC Board of Trustees
Member Representatives Committee

MEMORANDUM

TO: Ken DeFontes, Chair

NERC Board of Trustees

FROM: Desmarie Waterhouse, Senior Vice President of Advocacy and Communications & General Counsel, American Public Power Association

John Di Stasio, President, Large Public Power Council

Tom Heller, Executive Director, Transmission Access Policy Study Group

DATE: February 5, 2024

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' January 17, 2024, letter requesting policy input in advance of the February 2024 NERC Board of Trustees meeting.

NERC Board of Trustees Policy Input – Q1 2024

Electricity Canada appreciates this opportunity to provide policy input to the NERC Member Representatives Committee ("MRC") and Board of Trustees ("Board"). The consideration towards lines of communication among NERC's various participants is valued.

Summary of Key Points:

- Electricity Canada recommends that NERC review its onboarding procedures and resources to support engagement with new participants, whether they are from incumbent parties or not. This may include offering introductory courses on NERC fundamentals, and having a separate onboarding section on NERC's website.
- Electricity Canada encourages NERC to summarize Standard Authorization Requests (SARs) more concisely when soliciting subject matter experts (SMEs). Electricity Canada also encourages NERC to consider how project information can be consolidated when several projects are soliciting the same SMEs concurrently.
- Electricity Canada suggests that NERC consider promoting a mix of senior and junior members on committees.
- While Electricity Canada recognizes the utility of waivers of provisions to meet the aggressive timelines set by FERC directives, we note that NERC may face challenges keeping industry participants engaged if these types of waivers are repeatedly used.
- Electricity Canada encourages NERC to continue offering or developing industry-wide information sharing or dialogue forums, such as webinars or working sessions, as they have been positively received in offering value.

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1. How can NERC help facilitate greater engagement from new entrants in the industry?

Onboarding and knowledge fundamentals

Electricity Canada recognizes that existing resource documentation is available on the NERC website. However, any website, intranet, or similar platform requires a learning curve to navigate the structure and understand the language being used. At times, NERC and the ERO Enterprise's complexity may introduce a barrier to onboarding new entrants, or even new participants from industry incumbents. Additionally, the breadth of scope and work can make it difficult for newcomers to identify which learning or reference resources to prioritize.

Electricity Canada recommends that NERC review its onboarding procedures and resources in support of facilitating greater engagement from new entrants and industry incumbents. Aspects to consider may include:

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- **Offering introductory courses on NERC fundamentals**. This may include a general orientation training, or specific ones that are tailored to the Functional Entity that the new entrants will be assigned (i.e. BA, TOP, TO, GO, GO-IBR etc.).
- **Having a separate onboarding section on NERC's website** which can pull together new and/or existing resources. For example, this could include recorded webinars, training modules, printable summary sheets, and key strategic documents. Consideration could be given to a mix of formats, such as some which are more interactive and others which are intended more for reference.

Engaging Subject Matter Experts

Electricity Canada encourages NERC to summarize Standard Authorization Requests (SARs) more concisely when soliciting subject matter experts (SMEs). For example, the Transmission Planning Scenarios SAR that was circulated for comment in October 2023 was 21 pages long. Preparing briefer SARs may assist in engagement of SMEs, especially if several SARs are simultaneously circulating, or have circulated recently.

Electricity Canada also encourages NERC to consider how project information can be consolidated when several projects are soliciting the same SMEs concurrently. As an example, the following projects potentially impact the TPL-001 standard: 2023-07 Transmission System Planning Performance Requirements for Extreme Weather SAR; Transmission Planning Energy Scenarios SAR; 2022-02 Modifications to TPL-001 and MOD-032 IRPWG and SPIDERWG SARs. Several SARs were sent out in a short time frame for comment from industry, which proved to be challenging as some topics seemed to overlap. A document highlighting the differences between otherwise overlapping projects may be helpful to industry.

2. How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?

Electricity Canada first notes that the recommendations proposed above for new entrants would also be appropriate for incumbent players, as the underlying concepts apply to both. Other suggestions specific to incumbent players follow below.

Diversity of experience on committees

Electricity Canada suggests that NERC consider promoting a mix of senior and junior members on committees in order to facilitate continued engagement across levels. Some of the work being explored by the MRC regarding mentorship for new members may be relevant here and offer lessons for implementation.

Timing tradeoffs

Recently, FERC has given very short and strict timelines for the development of certain standards (for example, EOP-012 in the NERC 2021-07 Extreme Cold Weather Grid Operations, Preparedness and Coordination project, the upcoming NERC Project 2023-07 Transmission System Planning Performance Requirements for Extreme Weather project, and more recently in response to FERC Order 901 to address inverter-based resources, Project 2021-04 Modifications to PRC-002-2 Disturbance Monitoring, Project 2020-02 Modifications to PRC-024 (Generator Ride-through), 2023-02 Analysis and Mitigation of BES Inverter-Based Resource Performance Issues). While Electricity Canada recognizes the utility of waivers of provisions to meet the aggressive timelines set by FERC directives, we note that NERC may face challenges keeping industry participants engaged if these types of waivers are repeatedly used.

3. How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

Industry webinars, presentations and working sessions

Electricity Canada encourages NERC to continue offering or developing industry-wide information sharing or dialogue forums as these events offer a breadth of value to members. Specific examples include:

- **Project webinars:** Electricity Canada has heard positive feedback on high-level presentations, including ones offered jointly with relevant forums, which describe the scope of a project and the modifications made to standards. We encourage NERC to continue these, especially at the SAR stage, to keep SMEs informed of upcoming work and anticipated implications for projects. When there are similar concurrent projects, this can also serve to clarify distinctions that may not be obvious by reading the documentation.
    - As an example, the joint NERC/NATF/EPRI presentation for NERC Project 2023-07 (Transmission System Planning Performance Requirements for Extreme Weather) was helpful to members in their preparations for implementation of the new TPL-008-1 standard. This was especially true given the short regulatory deadline directed by FERC (December 2024) to deliver this standard.
- **Working sessions**: working sessions tailored to specific projects and the development of the Reliability Standards Development Plan may be another avenue for input and feedback to provided to NERC.

There is also interest in more visibility of the Reliability Standards Development Plan, or opportunities for involvement in its development.

We hope the comments provided in this letter prove insightful and can inform conversations and engagement between the MRC and the Board. Please contact us if you have any questions or concerns.

Dated: February 5, 2024

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

Edison Electric INSTITUTE

Power by Association℠

Input for the NERC Board of Trustees Provided by the Edison Electric Institute February 5, 2024

In the January 17, 2024, policy input letter to the NERC Member Representatives Committee (MRC), NERC Board of Trustees (Board) Chair, Kenneth W. DeFontes, Jr., requested policy input regarding how NERC can promote greater alignment and engagement with its members.

On behalf of our member companies, the Edison Electric Institute's (EEI) Reliability Executive Advisory Committee (REAC) appreciates the opportunity to provide policy input for the Board s' consideration in advance of its February 14 - 15, 2024, meetings. The perspectives put forth herein regarding bulk-power system (BPS) reliability and related policies are informed by EEI's CEO Policy Committee on Reliability, Security, and Business Continuity; the Reliability Executive Advisory Committee; and the Reliability Technical Committee.

I. SUMMARY OF COMMENTS

- EEI members are deeply committed to reliability, security, and resilience.
- It is critical that the problem statement for the risks that need to be addressed is clear and well understood by industry.
- Broad, iterative communication and bi-directional feedback between NERC and industry are necessary to ensure solutions are technically feasible, implementable, and successful.
- Developing a shared understanding of the problems that industry and NERC are working to address is critical to promoting alignment among stakeholders.
- Activities that require Board action should include active engagement between NERC, its Board, and industry to understand the various perspectives and gain valuable insights to help inform decision-making prior to being brought forward for vote.
- Hosting in-person learning sessions, including NERC 101 conferences, supports a constructive dialogue (i.e., a two-way conversation) and fosters community, more effectively than webinars and public materials.
- EEI's REAC appreciates NERC's willingness to engage with the EEI community to help prioritize and address reliability issues effectively and efficiently.

- EEI recommends a surgical project that involves a focused revision of the "Bulk Electric System" (BES) definition to include non-BES inverter-based resources (IBRs) in order to achieve the reliability goals in FERC Order 901.

II. COMMENTS

How can NERC facilitate greater engagement from new entrants in the industry?

- Create an onboarding process, including access to various NERC 101 materials.
- Host in-person learning sessions, including NERC 101 conferences, to support an active dialogue (i.e., a two-way conversation) and facilitate greater engagement from new entrants.
    - Slide decks and recorded webinars can provide some value. However, webinars are not interactive - they lack dialogue and opportunities for interaction. For those not familiar with NERC and its processes, particularly the substantial number of new entrants who will soon be required to register with NERC and comply with Reliability Standards in response to the forthcoming IBR Reliability Standards, onboarding processes will be an important opportunity to develop and educate new entities that will join the community of stakeholders responsible for the future of grid reliability.

How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as valuable dedication of resources.

- EEI members are deeply committed to reliability, security, and resilience. Industry's commitment to these principles should be reflected in NERC's public messaging. Great care should be taken not to undermine or question the level of industry's commitment to these principles in those instances in which opinions diverge regarding how best to address risks.
- EEI appreciates NERC's acknowledgment of industry concerns regarding prioritization of the numerous standards projects and other activities both planned and currently underway. Continued prioritization and outreach to EEI members and industry are important to ensure limited resources are focused on the most important risks to the reliability and security of the BPS.
- While Sections 321 and 322 of NERC's Rules of Procedure (ROP) empower the Electric Reliability Organization (ERO) to unilaterally pass Reliability Standards under certain limited circumstances, EEI members respectfully caution NERC against using this authority as a default in those instances of seeming impasse in relation to the balloting process. EEI members are

comprised of strategic leaders who represent their sector, understand the processes, see the big picture, and are committed to improving energy grid reliability. Stakeholders are the subject-matter experts who possess a uniquely deep, broad, and hands-on grasp of electric utility operations and practices. This knowledge and experience is vital to ensuring NERC's solutions are properly crafted and tailored to sufficiently address reliability matters before NERC.

How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

- It is critical that the problem statement for risks that need to be addressed through standards projects or other activities is clear and well understood by the industry. Investing more time up front explaining and soliciting broad stakeholder feedback on an issue, and subsequently on the proposed solution, should result in better alignment, less rework, and a more efficient process. The ability to develop robust solutions in a timely manner is impaired when industry and NERC do not have the same understanding of the underlying problem.
    - For example, NERC previously requested feedback from the Trades on Alerts before they are issued. However, the Cross-Border Control Risk Section 800 Data Request NERC released in November did not seek feedback in advance from the Trades or industry. Some of the questions in the data request were unclear, and industry struggled to understand how best to respond. When this occurs, it can result in answers that are not fully responsive, fail to meet the intent of the request, are inconsistent across utilities, or a combination thereof.
- Broad, iterative communication and feedback between NERC and industry are critical for improving alignment with stakeholders. These iterations are important to ensure future NERC Reliability Standards are technically feasible, implementable, and sufficient so they can address the root cause of the identified reliability concerns. This also will foster the identification, prioritization, and timely response to reliability and security risks through Reliability Standards or other tools.
- When NERC brings proposals to the industry, they often appear to be fully evaluated and final solutions. At times, these solutions have been presented without industry collaboration that could have helped validate them as practical, implementable, and technically feasible solutions. When this sort of "engagement" occurs, it creates a perception among the EEI community that its intended purpose was not to solicit input or to work together to achieve consensus but rather was an effort to convince industry to support a proposal advocated by NERC. To improve alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC, the EEI community recommends that the ERO collaborate with these

stakeholders prior to presenting potential solutions. This will enable NERC to fully understand and consider stakeholder feedback and allow for the fulsome development of effective, comprehensive solutions that address the issue(s) at hand.

- Activities that require Board action should include more fulsome discussions between industry, NERC, and the Board during MRC informational sessions prior to being brought forward for vote. This would allow industry, NERC, and the Board to understand any potential concerns prior to Board action. It is important for NERC and its Board to fully understand industry's perspectives and have a complete picture of reliability issues that are impacting the grid prior to making decisions.
- NERC should continue to develop and enhance its programs and oversight in a manner that ensures consistent processes and outcomes across the Regions. In particular, Compliance and Enforcement activities and outcomes should be commensurate with and prioritize the risks to the BES.

NERC's Final Proposed Revisions to Appendices 2, 5A, and 5B of NERC's ROPs

We support registering the owners and operators of non-BES IBRs that, in aggregate, materially impact BPS reliability. In September 2023, NERC requested industry feedback on revisions to the ROP regarding a new category of registration for IBRs. The EEI community provided comments that generally supported the proposed changes.

However, in January 2024, NERC posted final proposed ROP changes that were significantly different from the prior revision and did not allow for formal comments. In addition, NERC communicated conflicting messages on the rationale for this final proposed change. We appreciate that NERC has since allowed some additional time for collaboration with industry prior to considering Board approval of NERC's proposed ROP changes to ensure understanding for this new proposed direction with the ROP. To this end, EEI offers the following:

EEI Recommends a Surgical Revision to the BES Definition

- As stated in Order Nos. 693 and 743, respectively, the Glossary of Terms and the Reliability Standards work in tandem. The BES definition and the definition of each of the functional entities to which the Reliability Standards apply appear in the Glossary of Terms. Breaking that connection, as would be the case if the final ROP changes were adopted by the Board and approved by FERC, could result in unnecessary confusion and ambiguity.
- Additionally, the BES definition casts a wide net and draws a bright line to demarcate which facilities are and are not subject to NERC Standards. As with any bright line criteria, FERC and NERC recognized that the BES definition would be both over- and under inclusive. The BES exception

process both ensures facilities used in local distribution are excluded from the BES, as required by section 215 of the Federal Power Act, and provides clear direction to stakeholders on Standards applicability.

- We have heard concerns about the time needed to revise the BES definition. EEI recommends NERC initiate and complete a surgical project to revise the BES definition to include IBR facilities which are not currently included due to their size and/or due to the voltage level of their interconnection. This surgical process would entail a focused revision of the BES definition I4 inclusion to add entities that own and maintain or operate non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.

NERC's Current Proposed Direction Considerations

- Without separately defining the new entrants as GO/GOP-IBR, as proposed by NERC, could cause confusion for new stakeholders as to which Reliability Standards they would be responsible for complying with.
- Additionally, we urge NERC to consider the development of publicly available training and guidance resources designed for each stakeholder group impacted by any changes. The possible confusion for existing GO/GOP and new IBR registrants, as well as the Regional auditors, must be addressed to ensure the success of the shared goal of ensuring that the owners and operators of BPS-connected IBRs are registered and subject to appropriate standards. In these training materials, NERC should consider including content that describes ways to determine the applicability of Reliability Standards and Requirements, the relevance of the BES definition to new IBR registrants, and perhaps even new or updated CMEP Practice Guides to support the Regions in performing their roles as they relate to these changes.

In closing, the EEI REAC looks forward to continuing its long-standing collaboration with NERC to help prioritize activities to mitigate risks to the BPS collaboratively, efficiently, and effectively.

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: February 5, 2024

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 January 17, 2024, letter to Ms. Jennifer Flandermeyer, Chair NERC Member Representative Committee (MRC) requesting open input on promoting greater industry engagement, alignment, and accountability.

The Federal PMAs appreciate the opportunity to provide comments to the NERC Board of Trustees (Board) for their February 2024 meeting.

The Federal PMAs have no further input on the Board and MRC's agenda. The items listed in the draft agenda adequately represent the issues the Board and MRC need to discuss and approve.

The Federal PMAs are in alignment with current Board actions outlined in the letter. As we continue to advance the industry, entities need to continue to provide collaboration and alignment with a common purpose and objectives. As the electricity industry is experiencing rapid change our ways of planning, designing, and operating a secure and reliable system are changing, as well. The Bulk Electric System (BES) and the Bulk Power System (BPS) are so intertwined and integrated that a certain policy or policies in one region could have implications on others. The need for further actions is requested and welcomed. In summary Federal PMAs recommend NERC to take on,

- Developing educational materials for all levels of public consumption and make accessibility to certain documents on NERC website easier. That, hopefully, would enhance the public knowledge of the industry and its role.
- Gain a better knowledge of local government, regulatory structures, and how policies are developed and passed in each State.
- Analize and communicate the reliability implications on the BES and BPS that might be caused by certain policies that are under development. Transparency in identifying the issue and finding ways for a win-win would be a huge step forward.

- In addition to reaching out to trade associations, we recommend reaching out to various stakeholders, including local governments and others including the Subject Matter Experts. NERC needs to promote inclusion at all levels and listening to different points of view is important to the success of NERC's mission and objectives.
- Identify all entities that generates electricity regardless of their size and at what voltage level they connect to the system. Evaluation of each generator impact, individually or in aggregate, is needed. If result of analysis shows such facility has any implications on the interconnected system, then the generator owner and operator should be held accountable and need to be a registered entity under NERC governance structure.

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

1. **How can NERC help facilitate greater engagement from new entrants in the industry?**

    - It is imperative for all new entrants and incumbent players in the power industry, as well as policy makers at all levels, and public in general, to know about NERC and be familiar with NERC's mission and its objectives. This could be accomplished by having well-designed educational materials and better access to these documents on NERC's website. It has become more imperative for NERC staff & leadership team to reach out and educate these various entities about the criticality of maintaining the reliability and security of the interconnected system using words that the general public can understand.
    - NERC needs to learn more about the new entrants and understand their mission and objectives. This will further facilitate better understanding of the role new entrants will play in our industry and how they could fit into the current governance structure of NERC. Establishing that business relationship up front and educating them about the criticality of their role in the overall reliability and security of the interconnected system will set the right foundation for further collaboration.
    - NERC need to better understand the regulatory structure the new incumbents will be operating under. Outreach to various decision makers both within local and national governmental entities and regulatory bodies, regarding NERC and the role NERC plays will help to inform and facilitate the permitting and approval processes.
    - Communication and transparency to make new entrants accountable if they are producing, transporting, and delivering electricity at all levels. We believe the movement on standard threshold from 75MVA to 20MVA was a great step in the right direction and we encourage NERC to further lower that threshold.

2. **How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?**

    - Many of the points under question 1 above applies here as well.
    - In addition, NERC need to identify and analyze the importance of the incumbent players' role in overall reliability and security of the interconnected system at all levels. The representation of the interconnected system with reference to Bulk Electric System (BES) and Bulk Power System (BPS) may need to be re-looked at and revised. The new technology and integration of all types of resources including demand side management, customer owned generation, and behind the meter generation at various voltage levels, are highly intertwined with one another and impact the overall reliability and security of the interconnected system. For example, a 5 MW roof top solar installation in a subdivision may have no implications on the system but an aggregate of thousands of megawatts of roof top solar will likely have impacts. Upfront identification of such impacts, both positive and negative, and communicating those results to the incumbent player, their local government, and the relevant decision makers will facilitate further engagement and collaboration among all who are accountable for system reliability.
    - NERC's current outreach to various trade organizations is great and needs to continue. In addition, NERC needs to have a communication plan and a strategy for reaching out to each region and sub-region in the NERC footprint. The regulatory structure and decision-making authorities in reference to service to load varies among sub-regions. NERC's current approach to outreach has worked for many years but as the transformation of the grid continues to evolve it is time to refine and look into new approaches and strategies for further engagement and collaboration. It is important to identify all entities that have a role in electricity production, transmission, and service to end use electricity customers at all levels.

3. **How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?**

    - Subject Matter Experts (SMEs) play a key role in ensuring the system is reliable and secure. Their contribution needs to be recognized and embraced at all levels of leadership. To alleviate the financial burden on those sectors that allocate their SMEs for the operation of the interconnected system, NERC may need to look at opportunities to spread that cost to all stakeholders under NERC's governance structure.
    - As we go through the standard approval processes it is imperative to factor in SME comments and points of view. The current decision-making approach resides in peer review and is based on who sits in the drafting team committees. Perhaps it is time to look in ways that promotes inclusion and finding ways that

the SMEs' points of view are heard and factored into the decision-making process. There have been times when valid comments about issues in the drafting of certain standards are not addressed with clear, reasoned responses. Enhancing the Standard Drafting Teams' responses to such comments could contribute to better alignment among stakeholders on successive drafts.

- Developing more agile processes for registered entities and registered ballot bodies to better match the rapid transition the industry is facing are needed. If NERC analysis indicates certain facilities, regardless of their size or connection to the system at all voltage levels, are degrading the reliability and security of the system there should be ways to make sure the owner and operator of such facility is a registered entity and is accountable for standards and compliance.

Federal PMAs appreciate the opportunity to provide input for the Board's consideration and look forward to discussing our comments with the Board.

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

February 5, 2024

The ISO/RTO Council[1] (IRC) offers the following input to the Member Representatives Committee (MRC) in response to Mr. Kenneth W. DeFontes, Jr.'s, letter dated January 17, 2024 on Promoting Greater Industry Engagement, Alignment, and Accountability.

The continuously changing generator resource landscape makes this MRC Policy Input both timely and essential. Recent Bulk Electric System (BES) reliability events and Federal Energy Regulatory Commission (FERC) orders are driving numerous projects and initiatives at NERC. This level of activity highlights the importance of effective industry engagement in order to maintain a reliable electric grid. We offer several suggestions to help facilitate industry engagement and stakeholder alignment and thank the NERC MRC and Board of Trustees for the opportunity to provide this feedback.

IRC Summary Comments

NERC and Regional Entity (RE) efforts to engage with entrants and facilitate continued engagement with existing industry players have proven effective. The IRC has cited current NERC and RE outreach documents and activities that have been developed in response to requests from new entrants. The IRC has also included supporting activities in engaging incumbent players and new entities and shares a summary of the IRC recommendations:

- *On-boarding practices and defining entity roles and responsibilities* – role clarity is important and provides understanding of needed tasks, improved teamwork that reduces confusion and overlap, collaboration, and is a key factor in maintaining a safe and reliable electric grid. The IRC recommends NERC and RE's on-boarding practices include materials on how an entity's role fits with the broader NERC community and their responsibilities when interfacing with other NERC registered functions.

- *Website enhancements* – enhance NERC's search engine and provide a list of available email distribution lists along with the ability for an entity to self-subscribe.

- *Increase NERC's in-house analytical capabilities* – NERC to provide quantitative analysis to guide the decision-making process when determining what steps to take, to what degree and when, in addressing the anticipated impacts of the changing resource mix. Analytics will provide more clarity upon which to inform industry and develop a common vision and agreed upon approach (e.g. Reliability Standard development).

- *ISO/RTO concerns not being adequately addressed* – the ISO/RTO's perform several of the most critical and broad reaching reliability functions. As a result, the IRC wants to ensure the ISO/RTO concerns are adequately addressed on important reliability matters, and particularly on Reliability Standard projects while they are in development.

[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).

IRC Responses to Specific MRC Policy Input Questions

1. How can NERC help facilitate greater engagement from new entrants in the industry?

Enhance NERC and Regional Entity On-Boarding: NERC and the regions developed two documents posted on NERC's website that provide information needed by new entrants: the ERO Enterprise Informational Package[2] and ERO Enterprise Entity Onboarding Checklist[3]. While both documents are a valuable resource in providing necessary guidance to new entrants, they are tailored to an entity's interface with NERC and do not address an entity's role in context with the larger NERC community. This communication should be kept up to date and would be an excellent means of informing new entities of existing and emerging issues, and engaging them in the broader conversation between NERC and the industry. The ERO Enterprise Informational Package and the ERO Enterprise Entity Onboarding Checklist were both developed with support from the Organization Registration and Certification Subcommittee (ORCS), which can provide continued support in developing additional documents (e.g. a registered entity role and responsibilities framework), reviews, and updates.

Additionally, NERC and the regions have previously offered "NERC 101" training sessions immediately preceding face-to-face workshops. As these workshops are revived, it would be valuable to continue to offer "NERC 101" sessions not only for newly registered entities, but also for new staff at existing organizations.

Define Roles and Responsibilities for each Responsible Entity:
NERC should ensure that each Region's onboarding process leverages the above mentioned resources and should commit to expanding its on-boarding documentation to include materials addressing an entity's role and responsibilities within the broader NERC community of other NERC registered functions. Role clarity leads to improved teamwork and collaboration, alignment and productivity. Role clarity also helps to reduce confusion, overlaps and gaps in tasks. Role clarity is a key factor to ensuring everyone is working towards the same goals and objectives, ultimately leading to success. With the retirement of the functional model, an unintended consequence that resulted is ambiguity around roles and responsibilities. This has led to confusion and inefficiency. As the number of new registered entities accelerate, something is needed to replace the functional model that provides role clarity. NERC could also leverage the development of a registered entity roles and responsibilities framework to facilitate the organizational registration and mapping of entities. The IRC is willing to work with NERC to create a solution.

Continued support for Regional Entities in providing documentation and outreach to new entrants: At times, it is difficult to determine which registered entity roles a new entrant will perform. The company that operates a new generation facility may be unrelated to the company that developed the facility. In addition, many resource owners employ contractors to manage and operate the resource. While resource owners are ultimately accountable for meeting NERC registration criteria, it would be beneficial to engage all registered entities involved in the resource lifecycle in developing and complying with NERC requirements and ensuring reliable operations. A roles and responsibilities framework would provide clarity regarding the composition of a new Generator Owner's supporting team (i.e. Reliability Coordinator, Balancing Authority, Transmission

[2] ERO Enterprise Informational Package – New Registered Entities: 101
https://www.nerc.com/pa/comp/RegistrationReferenceDocsDL/ERO%20Enterprise%20101%20Informational%20Package.pdf
[3] ERO Enterprise Entity Onboarding Checklist:
https://www.nerc.com/pa/comp/RegistrationReferenceDocsDL/ERO%20Enterprise%20Entity%20Onboarding%20Checklist.pdf

Operator, Generator Operator, etc.) and provide a means for the REs to include all entities involved in electric grid operations in their outreach efforts. This would promote the engagement and alignment of industry stakeholders that this policy input request seeks to achieve. One such example of RE outreach is the Texas RE New Generator Welcome Package[4].

Website enhancements

The IRC believes that NERC can make its website more user-friendly for existing industry stakeholders and new entrants. Some enhancements include:

- Improved search engine – enhance stakeholder's ability to find pertinent information and web pages. NPCC's website search engine is a good example.
- Email lists – provide a comprehensive list of available e-mail distribution lists open to observers (e.g. committees, standards development projects, newsletters, etc.) and the ability for users to self-subscribe to relevant distribution lists. This will allow each user to manage their own subscriptions and engage in activities of most interest to them.
- Add hot buttons for important materials.

Prior IRC alignment suggestions designed to promote greater engagement with industry stakeholders and new entrants:

- *Communicate any relevant MRC policy input during NERC webinars:* When appropriate, the information contained in NERC related updates and/or relevant MRC Policy Input requests (including associated MRC feedback) should also be communicated in NERC-sponsored webinars. These webinars reach a much broader audience than the MRC meetings, may include industry SMEs, and are generally recorded so interested parties can listen to them at their convenience.
- *Improve reliability standard project reporting to the Board:* The IRC is concerned that the consensus building process in recent Reliability Standard development projects, including the Cold Weather Standards Project, may have resulted in requirements that did not adequately address Board and FERC expectations. Therefore, we ask that NERC staff presentations of a Reliability Standard to the Board for approval include a disclosure of any areas where language that would have required a higher level of performance was discussed and rejected during the Reliability Standard development process. NERC's reliability standards report to the Board should also include delays such as industry's failure to approve the CIP virtualization standards that address cloud usage.
- *Improving NERC's email communication to industry:* With so many changes in the industry, NERC is very active in sending numerous email communications to stakeholders. The volume of NERC communication by email is needed and understandable but can be overwhelming for recipients, especially new entrants. The IRC suggests that NERC consider ways to better distinguish the emails on key items to ensure nothing is missed. We suggest that a small stakeholder group be formed to consider ways to improve NERC's email communication to industry.

[4] Texas RE New Generator Welcome Package https://www.texasre.org/Documents/Compliance/Generator%20Welcome%20Package.pdf

2. How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?

NERC's current and most effective tools for facilitating engagement from incumbent entities and ensuring the effectiveness of industry contributions are through (but not limited to) the use of Industry Webinars and Technical Workshops, publicly available NERC meetings, Reliability Guidelines, Weekly Compliance & Standards updates, and Monthly Newsletters. The IRC's proposed recommendations are potential additional improvements to NERC's existing activities:

ISO/RTO concerns on important reliability matters are not being adequately addressed: As wide-area grid operators, the IRC understands and is experiencing the rapid changes facing the electricity industry. While we understand the need for dedicated outreach to new and existing resources during the development of new NERC Reliability Standards, it is important that reliability-related concerns raised by ISOs and RTOs be adequately considered and addressed. The ISOs/RTOs perform several of the most critical and broad reaching reliability functions. We would like to take this opportunity to request that NERC facilitate opportunities for ISO/RTO concerns to be addressed on important reliability matters, and particularly on Reliability Standard projects while they are in development. Many times we have found that reliability concerns raised by ISOs and RTOs do not seem to be given adequate consideration or are left unaddressed, which could result in negative impacts to the overall well-being and performance of the grid. A recent example of this can be seen in the generator cold weather standards (Project 2021-07), where reliability-related concerns raised in the ISO/RTO comments did not appear to be adequately addressed in the resulting Reliability Standard.

Increase NERC's in-house analytical capabilities:

A common problem associated with fast-paced growth is a "lack of clarity" due to many things happening at once as with the changing resource mix. This can lead to a lot of confusion and inefficient decision-making. For example, there are different perspectives as to when standards should be developed to address Distributed Energy Resources (DERs) in part due to the variance in the pace of DER adoption across NERC's footprint. Analytics would help to inform the discussion about how quickly DERs will reach a penetration level that will impact BES reliability and where, what level of modeling data must be collected to study the impacts, etc. Without data to quantify opportunities and risks, a lot of inefficiency is generated in debate. By using analytics, NERC and industry would be in a better position to drive alignment more quickly. We recommend NERC leverage existing models and tools (e.g. the Reliability Assessments) to analyze the impacts of the changing resource mix on the performance of the BES. From there, NERC could socialize the study results and develop a common vision and agreed upon approach prior to Reliability Standard(s) development. The IRC is willing to engage with NERC to define and implement efficient solutions.

Develop a formal co-ordination framework for BES resilience

A coordination framework could make use of venues such as the Northeast Power Coordinating Council Distributed Energy Resources/Variable Energy Resources (NPCC DER/VER) Forum[5] to help identify gaps in regulatory frameworks to support BES resilience. Some examples of areas that would benefit from increased coordination include, but are not limited to, DER ride-through requirements, freeze protection measures, and management of underfrequency load shed (UFLS). On a related note, NERC is improving (positive trend) when

[5] NPCC Regional DER/VER Forum homepage: https://www.npcc.org/program-areas/standards-and-criteria/der-forum

coordinating communication leading up to, during and after weather and other BES emergencies. That said, we believe more could be done (e.g. collaboration meetings or workshops with ISO/RTOs) to further align viewpoints on reliability and readiness prior to issuing media press releases or formal reports. This would minimize "surprises" and benefit all parties.

3. How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

Not all new resources, such as Distributed Energy Resources (DERs), are subject to NERC Registration and therefore, NERC Standards. This will remain true even after future revisions to Appendix 5B – Statement of Compliance Registry Criteria as many Inverter-Based Resources (IBRs) and DERs will not meet the threshold to be required to register with NERC and comply with NERC Reliability Standards. As a result, the IRC recommends that NERC take this opportunity to engage with applicable regulatory entities to provide guidance and consultation regarding the impacts these resources may have on reliability. This would also foster the development of channels of communication and coordination between applicable jurisdictions and NERC that could be used to develop complementary reliability metrics and requirements. For example, such an effort may result in the identification of key variables or packets of information that are needed for effective communication between BES-level entities and distribution-connected entities. These packets of information can be identified through a collaborative process to help aid both distribution system needs and BES needs. NERC is uniquely positioned to facilitate such efforts.

Maintain and where appropriate, increase educational efforts on emerging reliability concerns.
In recent years, NERC has visibly increased communications on key reliability threats. We applaud these efforts and support NERC increasing these efforts, particularly to regulators and policy makers. Developing outreach material describing the roles different entities play in ensuring BES resilience is crucial for supporting reliable grid operations, especially in light of the ongoing changes impacting the BES. Areas that such documentation might address include:

- Role of new entrants, particularly IBRs and DERs
- Role of DPs in interacting with the BES and UFLS
- Generator freeze protection measures
- Role of applicable regulators in resource adequacy planning and infrastructure investment
- Natural gas touchpoints with the electricity grid

Conclusion
The IRC reiterates the need to have guidance available for new entrants and to update this guidance to include new crucial information as needed. We offer recommendations from prior MRC Policy Input discussions that align with the priority of promoting greater industry engagement, and the IRC specifically points out various forums that may be used to promote industry coordination and collaboration on BES reliability matters. As always, we appreciate the opportunity to provide our policy input to the MRC for NERC's upcoming Board of Trustees meeting.

North American Generator Forum

Policy Input to the NERC Board of Trustees
February 15, 2024 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 January 17, 2024. The NAGF provides the following policy input in advance of the NERC BOT meeting.

Summary

Item 1: How can NERC help facilitate greater engagement from new entrants in the industry?

The NAGF recommends that NERC make new entrants aware of the existing industry trade organizations available to assist new entrants and help facilitate greater engagement. The trade organizations provide experience and understanding of the NERC Reliability Standards and associated processes which the new entrants can leverage to engage directly/indirectly with NERC and industry.

Item 2: How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?

While solving an emerging problem and developing NERC Guidance Documents and Whitepapers, the NAGF recommends that NERC seek input from industry trade organizations via WebEx's or short position papers which would allow for the better sharing of information and development of requirements via the Standards Development process.

Item 3: How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

The NAGF recommends that NERC seek input from industry trade organizations early and often by leveraging WebEx's and meetings to discuss various problem solutions with the industry. Discussion of proposed solutions prior to moving quickly to a Standards Drafting Team would allow for improved alignment and a more efficient Standards development process.

Discussion

The BOT requests MRC policy input on the following:

1. **How can NERC help facilitate greater engagement from new entrants in the industry?**

   The NAGF recognizes that new entrants in the industry have less experience with NERC and the standards development process. The new entrants need to leverage various industry resources to engage with NERC. The NAGF and other trade associations are available to help newly registered generators with developing their NERC compliance programs, identifying best practices for demonstrating compliance with applicable Reliability Standards, and engaging directly/indirectly with NERC. For example, the NAGF has several Working Groups that new entrants could leverage that provide policy input to the NERC Board and follow other NERC activities (CIP, Cold Weather Preparedness, Physical Security, Standards Review Team, Variable Resources, etc.). The NAGF is aware that several Regional Entities have developed Welcome Packets. Perhaps NERC could develop some kind of Welcome Packet as well or could include a Welcome to the ERO section on the NERC webpage that provides some general information, including the difference between being a NERC Registered Entity and a NERC Member, how to get involved in NERC level committees, working groups and task forces, and links to the Welcome Packets on the Regional Entity websites.

2. **How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?**

   The NAGF believes NERC could increase incumbent member engagement if those incumbents were provided the opportunity to more fully participate in the discussions around emerging issues. NERC has become very efficient at identifying problems and reducing risk via studies, issuing Alerts and Whitepapers and the Standards Development Process. However, the ground roots efforts seem to have suffered from the technical SME perspective. Under the Technical Committee structure that predates the formation of the RSTC, it seems more robust participation and discussion occurred. During OC meetings, problems were presented to that group inclusive of the various registrations and discussed at a high level. Many times, those high level discussions included follow-up meetings with more detailed discussion. While the RSTC structure on the surface is meant to allow for the same discussions, the meeting agendas are so packed with items that need approved or endorsed, those high levels discussions do not occur frequently. The previous structure provided increased opportunity for entities to be part of the solution and realize the value of their participation. It also provided entities with a more global view of the system and the challenges faced by industry. With NERC's need to quickly address emerging issues, this important level of communication seems to have been lost. Because NERC has become quite adept at study's, Alerts and Whitepapers, it seems industry is somewhat excluded from those development conversations. The NAGF recognizes that large utilities and the leadership of trades are sometimes given the opportunity to participate but believes that improvements could be made. A larger cross-section of industry SME's from a variety of sizes and roles should be allowed the opportunity to participate in the development of NERC reports on anomalous events (ex. Cold Weather, Odessa, etc.). The current process largely excludes this level of industry participation.

3. **How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?**

   The NAGF recognizes that discussions that include subject matter experts, the MRC, trade associations, industry leadership, and NERC allow for the greatest transfer of information between those with knowledge, those with understanding, and those with the experience. The NAGF recommends that NERC reach out to the trade associations and other entities early in the process and facilitate calls and/or virtual meetings that can promote that exchange of information to help improve alignment across the various stakeholders. As the system technologies, operating paradigms, and economics continue to change, these types of discussions will only continue to grow in value.

February 5, 2024

Cooperative Sector Policy Input to the NERC Board of Trustees

The Cooperative Sector appreciates the opportunity to provide input to the NERC Board of Trustees (BOT) regarding opportunities for NERC in promoting greater alignment and engagement with industry participants which is essential for the success of the ERO Enterprise model.

Summary of Input

The Cooperative Sector continues to support improvements to the ERO processes and procedures to address emerging risks. These improvements must include enhancements in how NERC engages with both incumbent and new participants in the ERO Enterprise activities. NERC should utilize the Regional Entities, in addition to its own efforts, in engagement enhancements.

Responses to the specific questions asked by the NERC Board

1. **How can NERC help facilitate greater engagement from new entrants in the industry?**
    - NERC should identify these new participants and develop outreach specifically designed for them. Items for inclusion:
        - mission of the ERO
        - structure and governance
        - benefits of participating in ERO activities – their voice has an impact
    - Cooperatives suggest resurrecting the in-person annual Compliance and Standards workshops/conferences. These events are an opportunity to develop relationships between stakeholders (new and incumbent) and ERO staff that enhances the ability to manage the rapid changes needed to support grid reliability.

2. **How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?**
    - Cooperatives support the efforts NERC has implemented in its priority projects initiative. However, there continues to be significant requests for industry comments on reliability standards, guidelines, and data requests. Because there are so many projects that entities are required to review, submit comments and subsequently a ballot, projects are often pushed through the approval process to satisfy a FERC rulemaking. The implementation of these Reliability requirements often become burdensome and may not provide the intended reliability improvements. NERC should continuously evaluate reliability priorities to ensure that NERC and the industry are deploying scarce resources to highest priority items with the greatest mitigation reduction.
    - Cooperatives suggest a more robust ballot communications plan, that can help stakeholders understand the benefits and impacts of a proposed standard or requirement that may be construed as contentious. These communications efforts could be tailored to the specific industry sectors and coordinated via MRC representatives and trade associations. Focused outreach to those sectors that may not have strong advocacy infrastructure that explains the importance of staying abreast of standards

activities to allow more informed balloting may improve participation by those sectors in the ERO activities.

- NERC has hosted several small group advisory sessions (SGAS) with registered entities, NERC Standards Developers, and Regional Entities to discuss and prepare for and implementation of a few critical standards (CIP Supply Chain and Cold Weather Preparedness). These SGAS provide an educational opportunity for registered entities to meet with NERC and Regional Entity representatives to discuss the standards and possible compliance approaches in an open and non-audit environment. Cooperatives suggest that NERC continue these efforts but there must be more information provided on how the time commitments by stakeholders improves the actual implementation and auditing of reliability standards. Testimonials by SGAS participants may enhance engagement by others.
- Cooperatives encourage more emphasis on a cost-benefit analysis of new or modified Standards to provide stakeholders a better understanding of the value of proposed new or modified Reliability Standards.

3. How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

- Cooperatives suggest a periodic scheduled conversation between the MRC and the Standing Committees Coordinating Group (SCCG) to promote additional alignment between subject matter experts, the MRC, trade associations, industry leadership, and NERC.
- Cooperatives suggest that stakeholders and the ERO partner to develop resources that enhance awareness of how supporting ERO activities enhances grid reliability which subsequently could lead to more participation.
- Cooperatives recognize that scarcity of resources continues to be a challenge for industry participation in Standards development activities. With support from NRECA, the G&T leadership will continue to encourage participation and/or help identify candidates for Standards Drafting Teams to ensure representation from Cooperatives.

Additional Input – NERC IBR Registration Proposal

Cooperatives support the concepts proposed in the January 2024 Rules of Procedure (RoP) changes to address the registration of non-BES Inverter Based Resources (IBRs). The thresholds established are consistent with those that have been agreed upon by the industry as those that will ultimately address the reliability concerns of non-distribution voltage assets connected to the BPS. Cooperatives believe these revisions to the RoP and subsequent revisions to the associated Reliability Standards can and should be implemented WITH OUT modifications to the Bulk Electric System (BES) Definition.

The following are provided as opportunities for improvements or items for resolution for future changes to the RoP and implementation of the proposed January 2024 changes:

- NERC should utilize a robust industry communication, awareness and education plan when making RoP approval recommendations to the NERC Board.
- A detailed registration and standards development plan is not included in IBR Quick Reference Guide(nerc.com), therefore there remains multiple questions regarding implementation of the IBR Registration.

- Mandatory compliance effective date guidance has not been provided as new GO/GOPs are registered whether as a Category 1 and/or Category 2 entity or existing GO/GOPs that may be reclassified as the specific Categories are implemented.
- With the inclusion of "contribute to" in the Category 2 criteria in the proposed RoP changes, there is no explanation of what this means or how its impact will be determined. It appears that any entity will be obligated to show how its facilities do not impact the BPS.

Ultimately, Cooperatives and NERC are focused on improving reliability and the Grid Management Committee will support NERC in aligning on and identifying the activities that have the most impact on reliability. Cooperatives will continue to evaluate improvements to our process to continue to gain sector consensus and provide support for requests for stakeholder engagement. As stated in previously submitted Policy Input, the Cooperative Sector continues to believe the exceptional reliability of the North American Bulk Electric System is based on collaboration and consensus that is the basis of the ERO Enterprise and its programs.

Submitted on behalf of the Cooperative Sector by:
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Policy Input of the Merchant Electricity Generator Sector to the NERC Board of Trustees February 5, 2024

Summary:

- Recruit and consider a trustee that has direct expertise in the development and operations, to include market paradigms, of resource types that dominate the interconnection queues.
- Consider whether the current governance paradigm of segment/sector participation is furthering the objectives of inclusive participation or is hindering representation from certain sectors.
- Solicit and carefully consider diverse viewpoints and offer forums for stakeholders, including industry, to express these views orally and in writing at the beginning of major initiatives.
- Prioritize discussion of gas-electric coordination topics to issues that NERC may be able to address, namely electric generator scheduling of gas intraday during peak gas demand days.

1. How can NERC help facilitate greater engagement from new entrants in the industry?

As we are acutely aware, the grid is rapidly evolving and the companies that are responsible for investing in reliability are also changing. The shift from traditional, investor-owned utilities to companies that develop projects with unique capital structures that blend equity, tax equity, and debt coupled with long-term off-take agreements has been occurring and will accelerate with the transition. This shift is occurring even in the jurisdictions in which vertically integrated utilities are primarily overseen by state utility commissions. Consequently, the composition of NERC's membership is also changing with increased participation by these new entrants in Sector 6, and many of the perceived reliability challenges that NERC faces are in part due to the growth of IBR resources in

this sector. While the Board currently has a diverse set of experiences and is extremely knowledgeable in the operation of the grid, we believe that the Board would benefit from a trustee who has a perspective acquired from direct experience within the sector – that is, a long history of working with OEMs, interconnecting utilities, and other parties unique to this sector. A trustee with a depth of expertise and stature within the sector would also be able to facilitate open, candid dialogue between the Board and sector members. They would be equipped to frame the concerns of all parties and seek solutions that deliver reliable outcomes. If such a qualified candidate were nominated, it would also send an encouraging signal to potential sector members that NERC participation is highly valued and valuable. We cannot think of a stronger way to encourage participation by new entrants than to ensure that the NERC Board is comprised of a representative cross section of all NERC members.

2. How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?

While we appreciate the thoughtful consideration that went into developing the current governance structure, the separate approaches to sector and segment representation may now be discouraging participation from under-represented sectors. We understand that the Rules of Procedure are intended to solicit broad participation in the Standards development process and yield a balanced, consensus-driven outcome, but they may actually be contributing to the opposite. In order to balance minority and majority interests to achieve consensus, voting power cannot be concentrated in one bloc, yet allowing qualifying entities to register in multiple segments and cast multiple votes accommodates the exertion of "power by vote." The consequence is that a large, pure-play renewable developer or independent power producer would have its voting rights diminished in comparison to even a small member that is able to qualify for multiple segments. Moreover, the manner that NERC reports ballot results and summarizes comments by segment may not sufficiently describe the positions of underrepresented sectors. As an

example, the segment membership criteria for Segment 5 "Electric Generators" allows participation by merchant generators; renewable resources; municipalities, cooperatives, and vertically integrated utilities that hold generation. There was a recent vote where the merchant generators and renewable developers overwhelmingly opposed a proposed standard, yet a majority of the segment representatives voted for the Standard. Presumably these multi-segment entities coordinated voting across segments.

Additionally, certain sectors are underrepresented in the drafting efforts. As an initial matter, we recognize that the reasons may be varied, including that some members simply do not have the resources, expertise, or desire to participate in drafting efforts. However, members of our sector have reported that their representatives have volunteered to serve on drafting teams only to be turned down. We are not suggesting that the drafting team selections were biased, but how selection criteria is applied is not readily transparent. The practical implication is that a few sectors dominate the drafting efforts.

We recommend that the stakeholders, led by the Board, undertake a review of the pros and cons of the current segment/sector approach and determine whether the paradigm is achieving its stated objectives of openness, transparency, consensus-building, balancing of interest, sufficient due process, and providing Standards in a timely manner. We also recommend that NERC regularly publish statistics on drafting team participation, commenting, and balloting *by sector*. Publishing these statistics would help inform all stakeholders of where participation is lacking and support targeted outreach and engagement of those underrepresented sectors.

3. How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

Generally, we see workshops and technical panels NERC has sponsored as productive and furthering alignment amongst industry, NERC staff, and various other SMEs. We would encourage NERC to build on these successes with more workshops and panels and provide more outreach to solicit and include diverse viewpoints. We note that

the Board has invited trade association representatives to discuss gas-electric coordination at its upcoming February meeting and view this as a positive step. It would be particularly helpful if these panels were tied to the beginning of a major initiative and the topics initially focused on the threshold questions. We also recommend NERC consider a process where they can solicit and carefully consider targeted, written comments from stakeholders at the onset of a major initiative, similar to FERC's Notice of Inquiry or Notice of Proposed Rulemaking dockets. These suggestions may allow for alignment between stakeholders or identification of the items of disagreement earlier in the process.

4. Sector 6 Input on the Gas-Electric Coordination Topic

Consistent with the Board's invitation for additional input, Sector 6 offers comments on the gas-electric coordination issue, which is a topic of discussion during the upcoming technical session. While many have studied the issue and offered potential solutions, we recommend that the Board consider selecting a narrow area of focus that may be less intractable. The simple moniker of "electric-gas coordination" underrepresents the breadth, complexity, and multiple facets of the issues, and its scope may have hindered development of targeted, actionable solutions. Disentangling the issues and defining them precisely will facilitate more constructive dialogue, and potentially create actionable pathways. We recommend the Board focus on one area of electric-gas coordination for examination – intraday scheduling of natural gas during periods of extreme cold.[1] The electric industry largely has been able to rely on timely scheduling and has had few issues with coordination occurring in this timeframe. What have colloquially been described as gas-electric coordination issues have overwhelmingly occurred during peak gas demand days *and* when natural gas-fired generators attempt to procure and nominate their fuel

[1] The terms "intraday" and "timely" refer to the FERC-approved NAESB gas day nomination cycles. Gas-fired generators that receive Day Ahead commitments typically nominate their gas supply in the "timely" cycle, which is 2 pm Central Prevailing Time the day before the commencement of the gas day, while generators that are committed in the Real Time nominate their gas supply in the "intraday" cycles.

intraday. PJM's analysis during Winter Storm Elliott found that nearly 90% of fuel-related outages occurred when generators attempted to obtain and schedule gas intraday.[2]

The empirical evidence suggests that if the electric industry scheduled more gas in the timely cycle (day ahead) there would be fewer gas-electric coordination issues, particularly during stressed periods. At a minimum, committing intraday generators hours ahead, as opposed to intra-hour, would align with the NAESB intraday nomination cycles and most certainly reduce coordination issues. With sufficient notice the electric system has far more control over how much natural gas it procures and when that gas is scheduled; therefore, this area is ripe for investigation. Possible solutions, aligned with NERC's authority, include (i) ensuring Balancing Authorities (BA) have demonstrated energy adequacy, plus some reasonable level of reserves, at the timely nomination deadline and (ii) creating new operating reserves that are temporally matched with the NAESB intraday nomination cycles. NERC has issued a draft reliability standard that would require BAs to perform energy reliability assessments more than "five days" from the assessment period, but there is no proposed requirement to examine energy adequacy between the delivery hour and up to five days.[3] Historically, time horizons from a few hours before the delivery hour through a long holiday weekend – i.e., shorter than 5 days – have presented the most challenges for intraday scheduling.[4]

While some stakeholders have suggested that the intraday scheduling issue is only a problem in the organized markets, we disagree. Pipeline tariffs, which govern how generators schedule and take gas, do not differ between the organized markets and the vertically integrated jurisdictions. This issue is likely more observable in the organized markets because pricing and facility performance are transparently reported and cost impacts in vertically integrated utility regions due to gas-electric coordination inefficiencies may be masked by cost of service rate designs. Regardless, both regulatory

[2] See Slide 15 of presentation from March 9, 2023, PJM Operating Committee Meeting, Winter Storm Elliott Continued Outage Analysis.
[3] NERC issued the draft BAL-007-1 for industry comment on January 25, 2024.
[4] Recommendation 7 of the NAESB Gas Electric Harmonization Forum Report dated July 23, 2023 explains concerns with procuring gas over holiday weekends. These concerns magnify the challenges of intraday scheduling over long weekends with Winter Storm Elliot being the most recent example.

frameworks would benefit from an analysis of the intraday scheduling practices and needs of the electric industry, which may result in improvements to electric industry commitment and scheduling practices, signal the need for reserve products tailored to slower-moving events and the physical limitations of the gas pipelines, and perhaps, better align the NAESB nomination cycles with the reliable operation of the electric system.

Sincerely,
Sector 6 Merchant Electricity Generator Representatives:

/s/
Mark Spencer
LS Power

/s/
Srinivas Kappagantula
Averon Energy

To: NERC Board of Trustees

From: Sector 7 – Electricity Marketer MRC Representatives

Date: February 5, 2024

Re: February NERC Board Meeting Policy Input

Thank you for the opportunity to provide input to the NERC Board of Trustees. We greatly appreciate the open exchange between the NERC Board of Trustees and the MRC Representatives.

How can NERC help facilitate greater engagement from new entrants in the industry?

To facilitate greater engagement from new entrants in the industry, we recommend a focus on outreach and education. This engagement needs to initiate from NERC to the entrant with an expressed objective to inform new entrants of NERC's purpose, mission, structure, governance, and priorities. Furthermore, new entrants should understand their role in reliability and security of the Bulk Electric System and how their engagement with NERC can benefit the industry.

How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?

The industry and NERC are faced with significant challenges and demands. Given the volume and scope, the ability for incumbent players to be able to have perspective on the NERC initiatives, projects, and the corresponding status is a challenge, impacting the effectiveness of engagement from incumbent players.

While we acknowledge and commend NERC for implementing processes to prioritize projects, we continue to recommend efforts be focused and targeted to areas with the greatest impact to improving reliability. Furthermore, we recommend prioritizing the identification of opportunities to eliminate activities which are not achieving the desired reliability improvements to allow a refocus of those resources to areas which do achieve the shared objective for reliability.

How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

It is our belief that each of these groups have a shared objective for reliability. Like the comments above related to engagement from incumbent players, the sheer volume and scope of the activities underway naturally create a lack of alignment between subject matter experts, the MRC, trade associations, industry leadership, and NERC as each of these groups is focused on completion of the current urgent task or activity. The ability to gain additional perspectives, listen and understand, collaborate beyond the working group, committee, association, etc., and look beyond the direct impact is diminished because of the volume and scope of the activities. We believe NERC can promote improved alignment by continuing to prioritize and focus on targeted areas with the greatest impact for improving reliability.

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

February 15, 2024 Board Meeting

ELCON, on behalf of Large End-Use Consumers, submits the following policy input for the consideration of NERC's Board of Trustees (BOT) and the Member Representatives Committee (MRC). It responds to BOT Chair Ken Defontes, Jr.'s January 17, 2024 letter to Jennifer Flandermeyer, Chair of the MRC.

SUMMARY

Large Consumers (Sector 8) appreciates the efforts by NERC to ensure full and balanced industry representation and engagement as we face an historical transformation in our energy procurement and delivery. This transition will have direct implications on the reliability, resilience, and security of our nation's grid and it is imperative that all affected industry sectors share information and achieve alignment on NERC's decisions and activities. As such, Sector 8 responds as follows:

1. **How can NERC help facilitate greater engagement from new entrants in the industry?**
    - NERC should consider reviewing orientation package examples used by certain Regional Entities and incorporating best practices.
    - NERC should provide a staff member contact for each industry sector and facilitate awareness and coordination with representative MRC sectors.
    - NERC should create a "Members" page on NERC.com that provides a quick guide to the most relevant information with links to more detailed information found on the site.
2. **How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?**
    - NERC should consider simplifying its website and structure creating a dedicated space for industry players to quickly find relevant information and engage with other industry representatives on reliability questions and issues.
    - NERC should provide dedicated staff per sector to consolidate information and open communication channels to ensure the right information is being disseminated to the right people.

3. **How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?**
    - NERC needs to be able to synthesize these discussions and share with the other stakeholders/sectors.
    - NERC should consider hosting issue-specific work sessions to solicit input on emerging policies and needs that provide ample opportunities for input while also keeping each sector apprised of NERC's work and the perspectives of other sectors/stakeholders.

Engagement with New Entrants

As the electric industry experiences significant changes in energy supply, delivery, and demand, it is vital that all players understand and participate in the security of our electricity grid. While the traditional players have been engaging with NERC even before its official designation as the Electric Reliability Organization in 2006, a multitude of new entrants in the electricity space may have little to no insight into who NERC is and why they need to engage and comply with NERC standards. Even practitioners that have followed NERC for over a decade struggle to understand NERC's organization, involvement, and procedures.

To bridge this gap, NERC's ERO Enterprise Entity Onboarding Checklist could be modeled similar to orientation materials used by some Regional Entities. For example, the Texas RE has a simple 2-page "welcome packet" for newly registered entities that provides essential information on how to engage with NERC and the Texas RE through a simple checklist with links to more detailed information on participation, compliance, and how to stay informed. While NERC has numerous 101 guides, these tend to be dense, pages long documents. The NERC Onboarding Checklist itself is very hard to find on the NERC website and should be provided up front to all newly registered entities and members and be prominently displayed on the homepage.

Although NERC provides volumes of information on its website, and should be commended for doing so, the website is completely overwhelming for new registered entities and members (and industry veterans, as discussed below). A simplified and prominent "Members" page could provide a quick guide to the most relevant information with links to more detailed information found on the site.

As new registrants attempt to navigate their new responsibilities and obligations as a registered entity, NERC could provide a NERC staff contact for each registered entity sector that can provide relevant information and answer questions. The NERC contact would advise newly registered entities about which committees are relevant to their sector, how to engage with those committees, and connect them directly with their MRC sector representative.

Engagement with Incumbents

Similar to the suggestions above for engaging with new entrants, simplifying engagement opportunities for incumbents would facilitate greater participation. As incumbents, we welcome the various touchpoints with NERC through MRC meetings, committee meetings, trade group meetings, and other forums. However, due to the complex structure of NERC, it quickly becomes time consuming and results in inconsistent messaging, as more fully discussed

in the next section. Many incumbents, even with dedicated NERC experts on staff, find difficulty participating in the various committees and member meetings and have limited bandwidth to even determine how and where to engage with NERC. Because of this complexity, NERC itself struggles to maintain a concise feedback loop because information is spread over so many different channels. For instance, the sheer number of email distribution lists has resulted in members missing information and discussions because they are not aware of all of the various email lists they should be registered for.

Incumbent members continue to be frustrated with the number of touchpoints necessary to stay informed and are concerned that they are missing important discussions with other industry players. NERC could consider a simplified webpage for members and registered entities to find a one-stop shop of relevant information as well as provide a space for exchanging thoughts, sharing concerns, and asking questions. As with the recommendation for a key contact for new industry players, incumbents often struggle to find the right NERC contact for questions and information. Having a dedicated NERC staff member for each sector can provide information on relevant contacts, inform members of upcoming discussions of interest to their sector, and facilitate communications among sector members.

Promoting Alignment

Here again, simplification is a key component of achieving alignment among all of the industry players. As noted in the question posed "How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC," there are numerous contact platforms that seldom share consistent information. For example, some trade organizations are members of the MRC but many are not. How are discussions at the trade group meetings communicated to the other groups? How are discussions with industry leaders communicated to the MRC? How do we know we are all speaking from the same position within our trades, our MRC sector, our CEOs, and our compliance personnel? We will be unable to achieve alignment with other groups/sectors when we aren't aligned within our own organizations.

Providing sector-specific work sessions that bring all interested parties together can help achieve internal alignment which can then be communicated to the other sectors. It would then be the responsibility of the MRC representatives to communicate these positions and work with other MRC sector representatives in achieving alignment and agreement on NERC issues.

In summary, Sector 8's recommendation for all three inquiries is simplify. Simplify orientation, simplify the communication loop, simplify the website, and simplify coordinated information sharing and strategic sessions.

Thank you for your consideration.

MEMORANDUM

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

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

DATE: February 5, 2024

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 Ms. Jennifer Flandermeyer on January 17, 2024.

The NERC Board of Trustees requested MRC sector policy input regarding whether there are other opportunities for NERC in promoting greater alignment and engagement with the MRC and other stakeholders.

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

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

1. How can NERC facilitate greater engagement from new entrants in the industry?
2. How can NERC facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?
3. How can NERC promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

Sector 9 believes that the NERC meetings provide a good overview of actions that NERC has taken and is planning on taking and encourages NERC to hold additional informal but organized settings at these meetings to allow stakeholders further engagement opportunities. At these informal settings, NERC Staff can provide more background information and allow for more questions that are hard for stakeholders to raise during the tighter scheduled time frames at the meeting.

To increase collaboration and engagement from stakeholders and institutions in the industry, NERC should encourage these industry players to provide short presentations at the meetings on topics of interest and the NERC Board of Trustees and Staff should regularly attend and present at meetings with these industry players such as the National Association of State Utility Consumer Advocates (NASUCA). NASUCA holds two

meetings a year, June and November, and collocates with the National Association of Regulatory Utility Commissions (NARUC) at the November meeting. Attending these meetings will allow NERC to better engage and better inform industry stakeholders of its mission and the actions it is taking. As noted in the request letter, NERC currently is increasing outreach to state and provincial regulators and policy makers through national associations such as NARUC, NASEO, and CAMPUT, but NERC is missing an important outreach to consumer advocates who are critical industry players and who will provide a necessary consumer point of view. Because consumer advocates generally lack the funding of these larger institutions and national associations, NERC should also provide more contact and resources to assist in this funding differential (see Sector 9s April 26, 2023, Input Letter). Along these same lines, NERC could provide greater access to its Staff or funding for an independent subject matter expert to assist Sector 9 in providing greater and more effective contributions.

Summary of comments in bulleted format for the Board:

● Additional organized informal settings at meetings to engage with stakeholders.

● Regularly attend NASUCA conferences to improve engagement.

● Consider more contact and resources for consumer advocates to ensure contributions are effective and valuable.

MEMORANDUM

TO: Ken DeFontes, Chair
NERC Board of Trustees

FROM: Brian Evans-Mongeon
Roy Jones
John Twitty (Outgoing)
Scott Tomashefsky (Incoming)
Tom Heller (Incoming)

DATE: February 5, 2024

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

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The Sector 2 and 5 members of the North American Electric Reliability Corporation (NERC) Member Representatives Committee (MRC), representing State/Municipal and Transmission Dependent Utilities (SM-TDUs), appreciate the opportunity to respond to your January 17, 2024, letter to MRC Chair Jennifer Flandermeyer in which the Board of Trustees (Board) requests MRC input on "whether there are other opportunities for NERC in promoting greater alignment and engagement" with all participants. The letter also requests input on how NERC can:

- Help facilitate greater engagement from new entrants in the industry;
- Facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources; and
- Promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC.

The SM-TDUs' responses to the Board's request for input on these questions are below. We look forward to discussing these issues and other agenda items during the meetings of the Board and the MRC on February 14-15, 2024.

Summary of Comments

- NERC should collaborate with incumbent industry participants on ways to further engage new entrants, including by creating a working group to strategize on improved onboarding and outreach to new entrants. NERC should consider redesigning its website to create a landing page for new entrants that includes relevant background information on NERC's processes and committees, creating a welcome packet for new participants, and designating a liaison on its staff for new entrants to contact when they have questions or need assistance.
- NERC should strongly consider returning to its traditional schedule of holding in-person quarterly meetings of the Board of Trustees. In-person meetings help promote robust dialogue and networking among participants and NERC staff, which helps build collegiality and trust.
- The SM-TDUs believe robust dialogue was critically missing in the latter part of 2023. Some of the major actions that were taken during the last six-month period would have benefitted from a robust discussion with industry. For example, in the case of the latest discussion involving the Rules of Procedure changes, while some industry members were informed of the evolving positions in December, key stakeholder groups were not informed until late in January. If more of the industry had been made aware of the updated proposal, NERC and the industry could have

engaged in working discussions to reflect upon and consider the new direction instead of having to have a crash-course on the matter.

- We believe that NERC should reaffirm its recognition of the importance of the stakeholder process, including the value added by dissenting and minority viewpoints. The stakeholder process is iterative by design. It requires collaboration and compromise, which ultimately result in a better product.
- NERC should continuously seek to improve the effectiveness and efficiency of the standards development process to ensure it results in standards that improve the reliability and security of the bulk power system (BPS). This can be done by creating a robust accountability structure from beginning to end that prioritizes standards that have the largest impact on reliability and/or security.
- We encourage NERC to communicate early and often with industry about its activities and upcoming plans and to increase its solicitation of feedback from industry to reach consensus on policy matters and find ways to further improve processes. Transparency about goals and activities will foster greater trust between NERC and industry, as will taking into account industry feedback on highly complicated technical issues impacting the reliability and security of the BPS.

SM-TDUs' Response

Question 1 – How can NERC help facilitate greater engagement from new entrants in the industry?
The SM-TDU sectors support NERC's desire to facilitate greater engagement from new entrants in the industry. We recommend that NERC collaborate with incumbent industry participants to find optimal approaches for engaging with new entrants from industry. We believe the SM-TDU sectors are well situated to help in this arena given their given strong connections to local communities and long history of community outreach and consensus building.

We recommend that NERC create a working group to discuss ways to better facilitate new entrant engagement that is similar in size to the working group that was established to address standards process improvements. NERC should hire an outside organization with communications outreach expertise to facilitate this effort. The working group should include participants who have worked with new entrants and can share their experiences and insights. NERC should invite representatives of new entrants to participate in the working group to get their thoughts and perspectives on how to encourage other representatives of new entrants to become more involved. The working group could recommend adding seats for new entrants on existing MRC sectors, as well as adding seats to committees to allow for their more direct participation.

NERC should also consider redesigning its website to include a page that includes relevant background materials and information that new industry entrants might find of value. This would include existing materials, such as the "ERO Enterprise 101 Informational Package," that are regularly updated. NERC might also want to provide a staff point of contact for new entrant representatives that can assist them with onboarding and provide them with information on the various ways they can get more involved at NERC. Additionally, NERC should create a welcome packet to give to new entrants that explains how the NERC committee structure works, how they can get further engaged in NERC activities and provide relevant feedback to NERC staff, and how they sign up for relevant communications. Additionally, NERC could, to the extent feasible, schedule in-person engagements to allow for networking and relationship building between its staff, incumbent industry participants, and new participants.

NERC may also want to consider developing internal protocols and goals to implement and execute its onboarding process for new entrants.

Question 2 – How NERC can facilitate continued engagement from incumbent players in the industry and ensure contributions are effective as well as a valuable dedication of resources?

NERC should strongly consider returning to its traditional schedule of holding in-person quarterly meetings of the Board of Trustees. In-person meetings help promote robust dialogue and networking among participants and NERC staff, which helps build collegiality and trust. This just is not possible with hybrid meetings or conference calls. If quarterly meetings are too difficult, the Board should consider meeting in-person three times a year (on fourth-month intervals). The SM-TDUs believe robust dialogue was critically missing in the latter part of 2023. Specifically, key opportunities for the Board and industry to communicate with each other were lost during a six-month period that included the adoption of Order 901 by the Federal Energy Regulatory Commission, a major reprioritization of NERC activities, and the development of new registration criteria that will impact the Electric Reliability Organization (ERO) Enterprise for years to come. NERC staff reached out to various industry groups and representatives in a good-faith attempt to hear their perspectives, but those efforts unfortunately could not make up for the critically important in-person conversations between the ERO's policymaking arm (i.e., the Board of Trustees) and industry representatives.

We believe that some of the major actions that were taken during the last six-month period would have benefitted from a robust discussion with industry. For example, in the case of the latest discussion involving the Rules of Procedure changes, while some industry members were informed of the evolving positions in December, key stakeholder groups were not informed until late in January. If more of the industry had been made aware of the updated proposal, NERC and the industry could have engaged in working discussions to reflect upon and consider the new direction instead of having to have a crash-course on the matter.

We also believe that NERC should reaffirm its recognition of the importance of the stakeholder process, including the value added by dissenting and minority viewpoints. We understand that stakeholder process is messy and iterative by design. It requires collaboration and compromise, which ultimately result in a better product. We would respectfully request that NERC provide sufficient time for the development of consensus among industry participants and resist the urge to fast-track the process in the interest of expediency. This would help demonstrate NERC's commitment to its obligation to "assur[e] fair stakeholder representation in the selection of its directors and balanced decision-making in any ERO committee or subordinate organizational structure [and require] reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties…." Similarly, in areas in which stakeholder consensus is not an absolute requirement, NERC should nevertheless reaffirm its commitment to taking stakeholder concerns seriously, recognizing that in some cases, a realignment of NERC's approach to an issue may be justified.

Lastly, we believe NERC should continuously seek to improve the effectiveness and efficiency of the standards development process to ensure it results in standards that improve the reliability and security of the bulk power system (BPS). This can be done by creating a robust accountability structure from beginning to end that prioritizes standards that have the largest impact on reliability and/or security. This should include not only the Standards Grading Metrics performed today by the Periodic Review Standing Review Team (PRSRT), but also periodic (at least annually) assessments on the outcomes of the standards development process that measures the actual performance of the standards against risks to the reliability and security of the grid. While the BPS Severity Risk Index (SRI) measures events that cause transmission loss, generation loss, and load loss events, determining which standards affect (whether up or down) the SRI is not clear. In addition, while the standards are under development, efficiently managing standards through the balloting process to better address stakeholder concerns is critical, including reducing the time between ballots by facilitating Standards Drafting Team (SDT) activities,

doing informal comment periods to allow the SDTs to quickly gauge stakeholder views on changes before a formal comment period, and engaging with the industry through webinars and informational sessions in advance of new ballots to provide the "why" and context behind the proposal or changes and provide an additional venue for the SDT to learn of significant stakeholder disagreement before posting a standard for ballot.

Question 3 – How NERC can promote improved alignment between the subject matter experts, the MRC, trade associations, industry leadership, and NERC?

We believe NERC has done a good job enhancing its outreach to the MRC, trade associations, and industry leadership. This includes NERC hosting its quarterly trade association meetings, ad hoc meetings with trade association representatives, and holding periodic meetings with industry leadership to discuss shared priorities and concerns. We believe NERC should find ways to enhance its communications with the industry at large. Some ideas for NERC to consider include:

- Accelerating efforts to redesign the NERC website, which is the first point of entry to the ERO Enterprise;
- Hosting more webinars to apprise industry of NERC activities and obtain stakeholder feedback;
- Improving its communications channels, such as its newsletters, alerts, etc.;
- Establishing a general hotline for industry questions that could be staffed by students or entry-level employees; and
- Providing additional opportunities for industry to directly engage with the NERC Board of Trustees, above and beyond regular Board meetings.

Given how busy 2024 will be for the electricity industry and all the upcoming deadlines, communications between NERC and industry are even more important. The number of standards and issues continues to grow, and many of these carry complicated dynamics that NERC needs to track, report out, and manage. We encourage NERC to communicate early and often to industry about its activities and upcoming plans and to increase its solicitation of feedback from industry to reach consensus on policy matters and find ways to further improve processes. Transparency about goals and activities will foster greater trust between NERC and industry, as will taking into account industry feedback on highly complicated technical issues impacting the reliability and security of the BPS. We encourage the reliance on working groups, which provide important input on technical and other issues. And if NERC establishes ad hoc advisory groups, similar to the inverter-based resources registration executive group that was formed in 2022, we recommend NERC continue to engage with these groups until the issue is resolved.

MEMORANDUM

TO: Ken DeFontes, Chair
NERC Board of Trustees

FROM: American Public Power Association
Edison Electric Institute
Electric Power Supply Association
Large Public Power Council
North American Generator Forum
Transmission Access Policy Study Group

DATE: February 7, 2024

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

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The American Public Power Association, Edison Electric Institute, Electric Power Supply Association, Large Public Power Council, North American Generator Forum, and Transmission Access Policy Study Group (collectively, Joint Stakeholders), appreciate the opportunity to respond to your January 17, 2024 letter to the NERC Member Representatives Committee (MRC) Chair Jennifer Flandermeyer wherein the Board of Trustees (Board) requests MRC input regarding "opportunities for NERC in promoting greater alignment and engagement." While our sectors have submitted separate responses consistent with our usual practice, we write jointly to underline our shared concerns regarding the draft changes to the NERC Rules of Procedure (ROP) proposed for discussion at the upcoming Board meeting, as well as the process by which that draft was developed. We are continuing to talk with NERC leadership and staff on this issue, and our sector representatives look forward to discussing concerns reflected herein and in our individual submissions, as well as other agenda items during the meetings of the Board and the MRC on February 14-15, 2024.

Summary of Comments

- The Joint Stakeholders *agree* with registering the owners and operators of non-Bulk Electric System (BES) Inverter Based Resources (IBRs) that materially impact the Bulk Power System (BPS). The thresholds are consistent with our shared goal of ensuring that the owners and operators of BPS-connected IBRs with an aggregate material impact on BPS reliability are registered and promptly subject to appropriate standards.

- We believe that the modest efficiencies intended to be achieved by the approach proposed by NERC will be illusory, because NERC's approach, among other things, could cause confusion with standards drafting and understanding which standards are applicable to the stakeholders impacted by this change.

- The concerns with the current proposal can be addressed through changes to the NERC proposal as provided in the attached redline of Appendix 5B.

- Given the concerns identified by stakeholders in NERC's proposed final changes to Appendices 5B, 5A, and 2, and the lack of a formal comment period to raise our concerns in writing regarding those proposed changes, the Joint Stakeholders appreciate that NERC has allowed some additional time for stakeholder collaboration with NERC Staff prior to submitting proposed ROP changes to the Board for approval.

Joint Stakeholders' Response

The Joint Stakeholders share NERC's goal of registering the appropriate set of IBR owners and operators; and we agree that 20 MVA and 60 kV, respectively, are appropriate bright-line thresholds for aggregate material impact. To this end, our sectors were supportive of what we understood to be the direction of the September 2023 posting.[1]

We appreciate that in the January 2024 posting, NERC clarified its proposed language in response to some comments received.[2] However, rather than creating new, independent "GO-IBR" and "GOP-IBR" registration categories, NERC's revised proposal expands the definitions of the existing GO and GOP registration functions beyond the Bulk Electric System. We view this as a significant change, not a clarification.[3] The January 2024 posting would have benefited from stakeholder review and comment.

We and our respective members are concerned that this revised approach is significantly more confusing and less efficient than the original proposal to establish new independent categories for IBRs, both in the registration context and in its impacts on standards development and compliance. For example, if a Regional Entity (RE) believes that an entity already registered as a GO/GOP based on its ownership/operation of BES generation *also* owns/operates generation meeting the "Category 2" thresholds, it is not clear if and when the RE would inform the GO/GOP of that determination. Furthermore, to the extent that standards are revised to include "Category 1" and "Category 2" GO/GOP in the applicability, a GO/GOP that meets the criteria for only one of the categories would need to be prepared to demonstrate at each compliance engagement that it does not meet the criteria for the other, because no new registration process would be needed for it to be subjected retrospectively to standards for the additional category.

In addition, because there is an interrelationship between registration and standards drafting and compliance with existing standards, it is important for NERC to consider *all* of the potential impacts of its effort to subject these entities/facilities to appropriate standards. Indeed, the downstream impacts on standards and compliance are likely to be more far-reaching and difficult to manage than the direct impacts on registration. Even under the best circumstances, expansion of standards applicability beyond the BES will require particular care and precision, because there

[1] *See* ROP Comments of Edison Electric Institute (Oct. 30, 2023); ROP Comments of Transmission Access Policy Study Group (Oct. 30, 2023) (TAPS Comments) (all comments compiled at https://www.nerc.com/AboutNERC/RulesOfProcedure/ROP%20Comments%20IBR%20Registration%20Criteria.pdf).

[2] While additional clarification would be beneficial, we believe that it can be provided via a reference document, which should be developed by a joint NERC Staff/stakeholder group and posted in draft form for public comment.

[3] *See* TAPS Comments at 1-3 (concluding, based on holistic analysis of September 2023 posting and NERC progress updates in FERC Docket No. RD22-4-001, that NERC's intent was to create separate categories independent of GO/GOP registration; and explaining why combining the functions would be inappropriate and inadvisable). Comments from a broad array of stakeholders at the January 24, 2024 meeting of the Organization Registration and Certification Subcommittee characterized the January 2024 posting as an abrupt shift.

must not be vagueness or ambiguity regarding which facilities are subject to each revised standard and requirement going forward. The registration criteria will set the stage for these future efforts. Having "subcategories" of GO/GOP that are untethered to the BES Definition will add confusion to these efforts, and could raise questions regarding the applicability of *existing* GO/GOP standards to newly-included facilities, or even to non-BES units/plants that do not meet the new registration thresholds.[4]

If an approach is this confusing at the start, it will certainly create an untenable set of challenges for stakeholders responsible for standards compliance, staffing standard drafting teams, and voting on proposed standards. These issues will likely impact stakeholders' and NERC's respective abilities to respond to Order No. 901 and other FERC directives in a timely manner.

Creating new, independent registration categories will facilitate greater clarity for Standard Drafting Teams and ballot pool members responding to FERC directives, as well as for registered entities potentially subject to the resulting standards. For example, the BES-specific language in many standards will need to be addressed regardless of the approach chosen. Under a GO/GOP-IBR approach, this would necessarily involve revisions to individual standards, with orderly decisions regarding the appropriate implementation timeline for each standard/requirement. A "Category 2" approach, on the other hand, could instead revise Glossary definitions without revising individual standards, creating unnecessary confusion on compliance expectations and unintended compliance burdens. This is not a benefit of the Category 2 approach. Revising the Glossary would not be efficient, because the implementation plan for a Glossary definition would govern the applicability to new entities/facilities of all requirements in which that definition is used.

The Joint Stakeholders recommend moving the proposed "Category 2" GO and GOP definitions into separate "GO-IBR" and "GOP-IBR" rows in Section 2 of Appendix 5B (as shown in the attached redline),[5] with conforming changes to Appendices 2 and 5A. The deadline for filing Rules of Procedure changes at FERC is May 18, 2024. Again, we appreciate that NERC has postponed a Board decision on whether to approve the proposed changes to allow for further discussion and, we hope, improvements to the proposal.

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[4] A December 2023 NERC Staff report presented to the Reliability and Security Technical Committee (RSTC) indicated that six standards (BAL-001-TRE-2, MOD-032-1, IRO-010-3, TOP-003-4, PRC-012-2, and PRC-017-1) (a) should apply to the new class of IBR registrations and (b) do not use "exclusionary language" that would have to be modified to make them applicable to such newly-registered entities. While some currently-registered GO/GOPs may include non-BES generation in their compliance programs for some or all of these standards, there is by no means consensus that such an approach is required. And if these standards are treated as applicable without alteration to "Category 2" GO/GOPs' IBR aggregations that meet the new registration thresholds, there is no clear basis on which to limit such expanded applicability to *only* such aggregations.

[5] The comments on which NERC relied for its proposal to expand the GO/GOP definitions—which included that option as one among several alternatives—appear to be based on a preference for having the new IBR thresholds in Section II of Appendix 5B (and in Appendix 2), rather than in a new Section IV as proposed in the September posting. *See* SEIA Comments at 2-3; Pine Gate Comments at 1, 4. We note that these commenters also requested that the September 2023 posting be revised to properly "reflect the mutually exclusive nature of these registrations." SEIA Comments at 4; Pine Gate Comments at 4. While additional outreach is of course necessary, we believe it likely that our proposal to define GO-IBR and GOP-IBR in Section II of Appendix 5B, in a way that makes clear that these categories are independent of GO/GOP registration, will address these commenters' concerns at least as effectively as the January 2024 proposal.

Function Type	Acronym	Definition/Discussion
Balancing Authority	BA	The responsible entity that integrates resource plans ahead of time, maintains Load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real-time.
Distribution Provider	DP	Provides and operates the "wires" between the transmission system and the end-use customer. For those end-use customers who are served at transmission voltages, the Transmission Owner also serves as the Distribution Provider. Thus, the Distribution Provider is not defined by a specific voltage, but rather as performing the distribution function at any voltage. Note: As provided in Section III.b.1 below, a Distribution Provider entity shall be an Underfrequency Load Shedding (UFLS)-Only Distribution Provider if it is the responsible entity that owns, controls or operates UFLS Protection System(s) needed to implement a required UFLS program designed for the protection of the BES, but does not meet any of the other registration criteria for a Distribution Provider.
Frequency Response Sharing Group	FRSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating resources required to jointly meet the sum of the Frequency Response Obligations of its members.
Generator Operator	GOP	The entity that~~: 1)~~ operates generating Facility(ies) and performs the functions of supplying energy and Interconnected Operations Services ~~(Category 1 GOP); or 2) operates non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV (Category 2 GOP)~~.
Generator Operator – Inverter-Based Resource	GOP-IBR	The entity that operates non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.
Generator Owner	GO	The entity that~~: 1)~~ owns and maintains generating Facility(ies) ~~(Category 1 GO); or 2) owns and maintains non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV (Category 2 GO)~~.

Generator Owner – Inverter-Based Resource	GO-IBR	The entity that owns and maintains non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.

Function Type	Acronym	Definition/Discussion
Planning Authority/ Planning Coordinator	PA/PC	The responsible entity that coordinates and integrates transmission Facilities and service plans, resource plans, and Protection Systems.
Reliability Coordinator	RC	The entity that is the highest level of authority who is responsible for the Reliable Operation of the BES, has the Wide Area view of the BES, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator's vision.
Regulation Reserve Sharing Group	RRSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply the Regulating Reserve required for all member Balancing Authorities to use in meeting applicable regulating standards.
Reserve Sharing Group	RSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply Operating Reserves required for each Balancing Authority's use in recovering from contingencies within the group. Scheduling energy from an Adjacent Balancing Authority to aid recovery need not constitute reserve sharing provided the transaction is ramped in over a period the supplying party could reasonably be expected to load generation in (e.g., ten minutes). If the transaction is ramped in more quickly (e.g., between zero and ten minutes), then, for the purposes of recovery from a Reportable Balancing Contingency Event, the areas become a Reserve Sharing Group.
Resource Planner	RP	The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific Loads (customer demand and energy requirements) within a Planning Authority area.
Transmission Owner	TO	The entity that owns and maintains transmission Facilities.
Transmission Operator	TOP	The entity responsible for the reliability of its local transmission system and operates or directs the operations of the transmission Facilities.
Transmission Planner	TP	The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority area.
Transmission Service Provider	TSP	The entity that administers the transmission tariff and provides Transmission Service to Transmission Customers under applicable Transmission Service agreements.