Request for Feedback: Potential Options for Transforming the Reliability Standards Development Framework

Modernization of Standards Processes and Procedures (MSPP) Task Force

July 2025

White Paper Feedback Form

One-Page Summary

July 21 MSPP Webinar Recording

Letter from MSPP Task Force Chair and Vice Chair

On behalf of the Modernization of Standards Processes and Procedures (MSPP) Task Force, we would like to thank you for your interest in the MSPP Task Force initiative. We look forward to receiving your feedback on this white paper. This white paper reflects the work of the Task Force to date, including input from the June 2025 stakeholder survey and our ongoing external outreach activities.

The NERC Board of Trustees (NERC Board) created the MSPP Task Force to transform current Reliability Standard development processes to more effectively and efficiently develop standards to meet the speed at which risks to the bulk power system are emerging. The NERC Board directed the Task Force to present its final recommendations at the Board's February 2026 meeting.

The MSPP Task Force has been working diligently since its inception under the following guiding principles:

- **Transform and Modernize the Process:** Re-envision a modernized standard development process to address evolving risks.
- **Create Efficiencies:** Identify areas of opportunity and recommendations to save time and remove redundant steps in the current process.
- **Develop a Trusted Process:** Provide clear opportunities for stakeholder input, due process, openness, and balance of interests.

The MSPP Task Force divided the standard development process into three process steps each with their own goal:

- **Standards Initiation:** Redefine and revitalize the initiation process to be nimbler and resource efficient.
- **Standards Development:** Streamline the development process and redesign it to allow for the integration of available tools and expertise.
- **Standards Balloting:** Reimagine the balloting process to create a more efficient and effective mechanism to obtain stakeholder consensus.

The purpose of this white paper is to document the activities of the Task Force to date and request stakeholder feedback on potential options for transforming NERC's Reliability Standard development process. In the paper, the MSPP Task Force presents an array of potential improvement opportunities for each of the three process steps with the aim of enhancing the overall efficiency and effectiveness of the standard development process. Some options call for transformational change. Others are more incremental in nature. Some of the potential improvement opportunities could be pursued in combination; other potential alternatives are mutually exclusive. We emphasize that the potential options are intended to be a ***starting point*** for stakeholder feedback. They are not final proposals. Additional work will be needed to refine and elaborate on draft recommendations.

The MSPP Task Force seeks feedback from stakeholders on these potential improvement opportunities through **August 27, 2025,** via the White Paper Feedback Form. The MSPP Task Force will carefully consider all feedback in developing draft recommendations that will be presented for stakeholder feedback later in 2025. The MSPP Task Force encourages stakeholders to engage with their peers and MSPP Task Force members and provide candid input to inform the Task Force's continued efforts.

Sincerely,

Greg Ford
Chair, MSPP Task Force

Todd Lucas
Vice Chair, MSPP Task Force

Contents

Chapter 1: The Need for Transformational Change in Standards Development 1
Chapter 2: The MSPP Task Force 6
Chapter 3: Initial Findings and Potential Improvement Opportunities for Initiating Standards Development 10
Chapter 4: Initial Findings and Potential Improvement Opportunities for Standards Drafting Process 17
Chapter 5: Initial Findings and Potential Improvement Opportunities for Standards Balloting 24
Conclusion 33
Appendix 1: The NERC Standard Development Process 34

Chapter 1: The Need for Transformational Change in Standards Development

The NERC Board of Trustees (NERC Board) established the Modernization of Standards Processes and Procedures (MSPP) Task Force to develop recommendations for transforming the current Reliability Standard development process. Specifically, the NERC Board charged the MSPP Task Force with "bring[ing] forward a modernized standard development process that would continue to provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards consistent with Section 215 of the Federal Power Act, and would ensure that time for Reliability Standards development from risk identification and prioritization can be completed in a much more efficient and effective manner."

The primary driver for this initiative was to ensure that NERC's Reliability Standard development framework can efficiently and effectively develop new or modified standards to address new and emerging reliability risks. As discussed below, the speed at which risks to the reliability, resilience, and security of the bulk power system (BPS) are emerging is unprecedented. The NERC Board seeks to ensure that NERC's body of Reliability Standards keeps pace with changes to the BPS. For NERC's Reliability Standards to adequately address risks to the BPS, the process for developing such standards must produce quality standards in a timely manner.

As discussed below, the MSPP Task Force believes that transformational change to the NERC standard development process would improve NERC's ability, in concert with stakeholders, to develop quality standards that address the changing nature of the risks facing the BPS in a timely manner. Additionally, the Task Force believes transformational change would help ensure that stakeholder participation in the standard development process continues to be robust and meaningful.

Transformational Change to the Standard Development Process Would Enhance NERC's Ability to Address Risks Associated with Grid Transformation.

For the past several years, NERC has reported on the rapid evolution of reliability risks to the BPS. Traditional baseload generating plant retirements are accelerating, while significant amounts of variable and energy-limited resources are being deployed. At the same time, natural-gas-fired generation has become more critical in providing both "bulk energy" and the "balancing energy" to support the integration of these variable energy resources. Storage, co-located with variable resources, is expected to play an increasing role in the future. The grid is also expected to experience extraordinary load growth over the next several years. Projected growth factors include data centers to meet growing needs for cloud computing, artificial intelligence (AI), and crypto mining as well as electrification of the transportation, hydrogen production, and building sectors. Additionally, widespread, long-duration extreme weather exacerbates the challenges of the transforming grid while stressing the system in unique ways. Finally, security threats continue to evolve in sophistication, frequency, and scope and pose ever-increasing risks to reliability and resilience. The recently released draft of the 2025 Electric Reliability Organization (ERO) Reliability Risk Priorities Report sums up the challenge well: *"Substantive simultaneous change in all system dimensions (resource, grid, load), along with increasing complexity in the interactions between them, requires rethinking traditional system planning and operating approaches."*[1]

It is critical that NERC's body of Reliability Standards keep pace with the changes to the grid to help ensure that industry mitigates these new and emerging risks. NERC and its stakeholders developed the core of the existing Reliability Standard development process almost two decades ago. That existing process has successfully enabled NERC and its stakeholders to address traditional reliability risks (e.g., trees, training, and tools) and to begin to address many of the new and emerging risks that have arisen in recent years. The MSPP Task Force finds, however, that

[1] Draft 2025 ERO Reliability Risk Priorities Report (Aug. 2025) at vi, available here: https://www.nerc.com/comm/RISC/Related%20Files%20DL/Draft-2025_ERO_Reliability_Risk_Priorities_Report.pdf

certain transformational changes to the development process would better enable NERC and its stakeholders to meet current standard development needs more efficiently and effectively. While standards development is intended to be a deliberative process, it is also imperative that the process operate efficiently to not only produce quality standards but to do so in a timely manner given the complex, rapidly developing reliability risks and performance issues that the system now faces.

Additionally, there is a new set of stakeholders within the NERC ecosystem that need to participate in standards development. With the expansion of inverter-based resources and large loads across the BPS, for instance, the suite of Reliability Standards will need to expand to address associated risks.

The electric power industry does not have the benefit of decades of experience to inform the development of Reliability Standards to address these new and emerging issues. Nor can stakeholders afford to wait to develop such experience. These issues threaten reliability, resilience, and security today. Significant changes to NERC's standard development processes will improve NERC's and its stakeholders' ability to develop a body of Reliability Standards that keep pace with the speed at which substantive and simultaneous BPS risks are emerging.

Transformational Change Will Help Ensure that Stakeholder Participation in the Standard Development Process Continues to be Robust and Meaningful.

NERC has observed decreasing stakeholder participation in the standard development process. As background, stakeholders participate in the standard development process by joining the Registered Ballot Body and participating in standards drafting teams. The Registered Ballot Body comprises all entities or individuals that qualify for one of the segments approved by the NERC Board for voting on proposed Reliability Standards and are registered with NERC as potential ballot participants.[2] The Registered Ballot Body was thus designed to play a crucial role in the standard development process, ensuring that industry and its stakeholders have direct representation, active involvement, and a meaningful voice.

In October 2022, the Standards Process Stakeholder Engagement Group (SPSEG)—convened by the NERC Board to recommend standard development process improvements, described further below—recommended a review of the Registered Ballot Body criteria to ensure continued fairness, openness, inclusivity, and balance in standards voting. In December 2023, the NERC Board approved this recommendation and included the Registered Ballot Body review as a priority in the 2024 NERC Work Plan. NERC staff collaborated with a task force composed of internal and external stakeholders to review the data and provide recommendations.

The report resulting from this initiative identified unfavorable trends in balloting standards, segment balance, and industry participation. Some of the specific metrics the report set out include the following:

- The Registered Ballot Body experienced a 15% decrease in membership from 2017 to 2024.
- Four Registered Ballot Body segments (40%) have never reached their full segment weight in NERC's balloting formula and the two end-user segments are chronically undersubscribed.
- Only a relatively small percentage of industry entities eligible to join the Registered Ballot Body are members. Stated differently, many entities that are affected by NERC's activities—including many entities on the NERC Compliance Registry—are not actively participating in NERC's standard development process.

[2] The NERC-Board approved segments are: Transmission Owners; Independent System Operators (ISOs)/Regional Transmission Organizations (RTOs); Load-Serving Entities; Transmission Dependent Utilities; Electric Generators; Electricity Brokers, Aggregators, and Marketers; Large Electricity End Users; Small Electricity Users; Federal, State and Provincial Regulatory or Other Governmental Entities; and Regional Reliability Organizations/Regional Entities. Segments differ from the NERC membership sectors, which are largely defined based on ownership type, rather than the role(s) the entity performs on the BPS.

These metrics and associated recommendations, described below, were provided to the NERC Board in a February 2025 closed session. At the same time, the NERC Board directed the establishment of the MSPP Task Force. The Registered Ballot Body report was provided to the MSPP Task Force and has been used as a starting point to identify potential opportunities for balloting improvements. The Registered Ballot Body recommendations and analysis are available on the MSPP Task Force page on the NERC website.[3]

NERC has also received feedback that the demands of NERC's current standard development process are outpacing the ability of some entities to participate meaningfully, either through service on drafting teams or, more concerningly, through commenting and balloting periods. Stakeholder feedback is essential to the success of the ERO model, but stakeholders have many competing demands on their time and expertise. Therefore, it is critically important that NERC draws upon its stakeholder expertise effectively and efficiently.

Overall, these trends and stakeholder feedback point to the need to revisit how stakeholders engage with the standards process to ensure increased and broad industry participation in the future development of standards.

Incremental Enhancements to the Standard Development Process Have Marginally Improved Efficiency, but Recent Events Underscore the Need for Transformational Change.

NERC has undertaken several efforts since its original certification as the ERO to improve and streamline its Reliability Standard development processes. The most recent effort started in February 2022 when the NERC Board directed NERC staff to examine the rules governing Reliability Standards development and, considering the feedback of stakeholders, recommend changes to improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests. The SPSEG was convened to consider staff's recommendations and provide its own recommendations to the NERC Board. The SPSEG included NERC staff, three NERC Board members, four members of the Member Representatives Committee, and the chairs of the Standards, Reliability Issues Steering, Compliance and Certification, and Reliability and Security Technical Committees.

The SPSEG recommended: (1) targeted revisions to the NERC Rules of Procedure governing Reliability Standard development; (2) a review of the Registered Ballot Body, noted above; and (3) coordination among the Standards Committee, Reliability and Security Technical Committee (RSTC), and the Standing Committee Coordinating Group to implement standards process efficiencies. NERC considered the SPSEG-recommended changes to the Rules of Procedure through its stakeholder processes and incorporated many of them into the Rules of Procedure revisions that became effective in late 2023. Notable revisions included the following:

- Discontinuing the Rules of Procedure requirement that NERC seek and maintain accreditation by the American National Standards Institute (ANSI) for its standard processes
- Implementing new authority allowing the NERC Board, as the governance body of the ERO, to direct the development of needed Reliability Standards on its own initiative and ensure that NERC is able to develop responsive standards for regulatory approval in the unlikely event that NERC's usual stakeholder processes fail to do so (new Section 322 of the Rules of Procedure and updates to the longstanding provisions in Section 321)
- Revising rules regarding comment and ballot periods to: (1) implement a tiered comment period structure allowing for shorter comment and ballot periods on subsequent postings when the scope of issues is likely to have narrowed without the need for a waiver from the Standards Committee; (2) allow drafting teams to conclude projects without a final ballot where there is a high degree of consensus for the Reliability Standard

[3] https://www.nerc.com/gov/bot/MSPP/Registered%20Ballot%20Body%20Task%20Force%20Analysis%20and%20Recommendations%20-%20Dec%202024.pdf

as written (85% approval rating or higher) and all other procedural requirements have been met; and (3) clarify how the Standards Committee may end a project where it is clear that the drafting team cannot develop a clear, consensus standard that is within the scope of the associated Standard Authorization Request

Notably, while NERC discontinued the requirement to maintain ANSI accreditation, NERC largely maintained the ANSI standards balloting framework in its revised *Standard Processes Manual*.

While the SPSEG dedicated substantial effort to improve the timeliness of NERC's standard development process, NERC staff have identified only modest time savings in the development process resulting from the 2023 revisions to the NERC Rules of Procedure. In one aspect, the effort proved counterproductive. The SPSEG originally recommended that NERC revise its Rules of Procedure to require, rather than simply permit, all RSTC-endorsed Standard Authorization Requests to be posted for the more streamlined informal comment procedure. The rationale for this recommendation was that all RSTC-endorsed Standard Authorization Requests would have received industry vetting, warranting a more streamlined procedure. This revision was ultimately not pursued due to lack of stakeholder support. Instead, the rule was revised to clarify the Standards Committee's role in determining the posting type, be it formal or informal. Since 2023, NERC staff observed an increase in the number of Standard Authorization Requests that have already received some industry vetting through technical forums such as the RSTC being posted for the longer formal comment procedure as compared to before the SPSEG made its recommendation.[4]

Moreover, events over the course of 2023 and 2024 suggest that more transformational changes are needed. In 2024, the NERC Board twice invoked its special authority under Section 321 of the NERC Rules of Procedure to complete the development of Reliability Standards addressing regulatory directives that focused on pressing reliability risks: first, to address the ability of inverter-based generation to ride-through system disturbances, and second, for generators to meet certain cold-weather standards. Since this authority was in place for over a decade and not used, it is significant that it was invoked twice in one year due to the failure of the standards process to produce consensus standards to address Federal Energy Regulatory Commission (FERC) directives on critical reliability risks.

These two events, and the lack of significant improvements in the standard development process after implementation of the SPSEG-recommended incremental enhancements, highlight that transformational change would more likely enhance the efficient development of new or modified Reliability Standards in a fast-changing and evolving energy landscape.

Survey Results Indicate Broad Agreement with Scope of Task Force.

The MSPP Task Force surveyed stakeholders to collect feedback on the scope of the MSPP Task Force and identify potential standard development process improvement opportunities. Close to 90% of those who responded to the question on whether the MSPP Task Force scope properly captured industry expectations for the Task Force either fully agreed with the Task Force scope or had some additional elements or clarifications for the Task Force to consider. This level of agreement is representative of the need for change to support the reliability challenges that the grid is experiencing. The key themes from the answers to the question include the following:

- The scope is broad enough and focuses on the right issues.
- Industry engagement is prioritized.
- There is support for process mapping and procedural review.

[4] *Compliance Filing of NERC Regarding 2023 Revisions to the NERC Rules of Procedure for Reliability Standards*, Docket No. RR23-4-000 (May 28, 2025), available at: https://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/2023%20Standards%20ROP%20Revisions%20Compliance%20Filing_signed.pdf.

- There is a desire for streamlining and modernization.
- Cautious optimism is coupled with watching closely.

A small number of stakeholders expressed reservations that suggested discomfort with the scope as written or indicated concern with the scope's breadth, potential implementation burden, or alignment with existing requirements. Very few respondents, however, opposed the proposed scope outright.

The following chapter discusses the formation of the MSPP Task Force and its activities to date.

Chapter 2: The MSPP Task Force

The NERC Board Convened the MSPP Task Force to Consider Transformational Change to the NERC Standards Process.

At its February 13, 2025, meeting, the NERC Board found that the speed at which risks to the reliability, security, and resilience of the BPS are emerging during the transformation to a decentralized, digitized, and decarbonized grid necessitates a review of the existing Reliability Standards development procedures and processes.

The NERC Board therefore initiated a new collaborative effort focused on transforming the current set of procedures and processes for standards development to better serve NERC's stakeholders in a world that has a great deal of uncertainty and poses fast-moving risks to BPS reliability, security, and resilience. The NERC Board's initiative was to convene a task force of stakeholders to evaluate the standard development process. The NERC Board resolved as follows:

> **NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby establishes the Modernize Standard Processes and Procedures (MSPP) Task Force,[5] to report to the Board;
>
> **BE IT FURTHER RESOLVED,** the scope of the MSPP Task Force to bring forward a modernized standard development process that would continue to provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards consistent with Section 215 of the Federal Power Act, and would ensure that time for Reliability Standards development from risk identification and prioritization can be completed on a much more efficient and effective manner;
>
> **BE IT FURTHER RESOLVED**, the Board hereby appoints Greg Ford as Chair and Todd Lucas as Vice Chair of the MSPP Task Force, and Trustees Susan Kelly and Robin E. Manning as members of the Committee with the remaining members to be selected by NERC Management in consultation with the MSPP Task Force Chair and Vice-Chair;
>
> **BE IT FURTHER RESOLVED**, that the MSPP Task Force shall convene as needed to address its scope and shall present its recommendations to the Board at the Board's February 2026 meeting;
>
> **BE IT FURTHER RESOLVED**, that NERC Management is directed to provide an update to the Board on the work of the MSPP Task Force on a regular basis until complete.

Purpose and Membership

The MSPP Task Force's purpose is to develop recommendations to transform and modernize the current standard development processes and procedures. The recommendations will aim to ensure that Reliability Standard development—from risk identification and prioritization to implementation—can be completed more effectively and efficiently to meet the speed at which risks to the BPS are emerging. The NERC Board instructed the Task Force to ensure that all recommended changes to the processes and procedures continue to provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing Reliability Standards consistent with Section 215 of the Federal Power Act.

[5] The Task Force was later renamed the "Modernization of Standards Processes and Procedures Task Force."

The MSPP Task Force consists of the following individuals, each of whom provides diversity of expertise, geography, and industry representation:

- Greg Ford, Georgia System Operations Corporation, Chair
- Todd Lucas, Southern Company, Vice Chair
- Todd Bennett, Associated Electric Cooperative, Inc. (Standards Committee Chair)
- Rich Hydzik, Avista Corporation (Reliability and Security Committee Chair)
- Scott Tomashefsky, Northern California Power Agency (Compliance and Certification Committee Chair)
- Joe Fina, Snohomish County Public Utility District
- Todd Hillman, MISO Energy
- Matt Holtz, Invenergy
- Brett Kruse, Calpine Corporation
- Robert Reinmuller, HydroOne Networks
- Sue Kelly, NERC Board of Trustees
- Rob Manning, NERC Board of Trustees
- Kal Ayoub, Federal Energy Regulatory Commission (*non-voting*)

The MSPP Task Force is supported by NERC executives and staff as well as an external consultant, Converge Strategies. Converge Strategies has been providing project management support to the Task Force and acting as the facilitator and coordinator for Task Force monthly meetings and in-person workshops.

Overall Approach and Timeline

Since holding its first meeting on March 4, 2025, the MSPP Task Force has met virtually at least once per month. The Task Force has held two in-person workshops in NERC's D.C. office. The key tasks and timeline for the Task Force are outlined below in **Figure 2.1**. Updates on the MSPP Task Force are posted to the MSPP Task Force page on the NERC website monthly.[6]

Figure 2.1: MSPP Task Force Work Timeline

[6] https://www.nerc.com/gov/bot/Pages/MSPP.aspx

Stakeholder Survey

To complement its efforts, the Task Force launched a survey on May 16, 2025, that was open through June 5, 2025. The Task Force received a total of 170 stakeholder responses. The survey responses have been posted to the MSPP Task Force page on the NERC website.[7] The MSPP Task Force thanks the stakeholders who responded to the survey.

Workshop Discussion Topics

The MSPP Task Force held its first workshop on April 15, 2025, with the following objectives:

- Develop a shared understanding of the existing standards process, key metrics, time frames, and major gaps between existing and desired outcomes
- Understand the roles and responsibilities of NERC and industry stakeholders involved in the standard development process
- Align around shared understanding of the events that led up to the two NERC Board Section 321 actions in 2024/2025
- Coalesce around areas of opportunity that the MSPP Task Force should prioritize
- Develop an approach and list of actions to tackle the areas of opportunity that will lead to identification of recommendations

During the workshop, the MSPP Task Force divided into the following three sub-teams to begin the gap analysis and identification of potential improvement opportunities:

- Standards Initiation
- Standards Development
- Balloting

After the April workshop, and in addition to the monthly full MSPP Task Force virtual calls, each sub-team met several times to continue its analysis and deliberations.

The second workshop meeting was held June 17–18, 2025. The objectives of the second workshop included the following:

- Build out individual opportunities for improvement for industry feedback
- Demonstrate that the MSPP Task Force addressed industry feedback from the industry feedback survey

Overview of Potential Improvement Opportunities for the NERC Standards Development Framework

After the second workshop, and based on the discussions and input collected, the MSPP Task Force developed this document with support from NERC staff. In this document (Chapters 3–5), the MSPP Task Force presents options it is considering as potential opportunities to improve the effectiveness and efficiency of the three main phases of the standard development process:

- Standards Initiation (**Chapter 3**)
- Standards Development (**Chapter 4**)
- Standards Balloting (**Chapter 5**)

[7] https://www.nerc.com/gov/bot/MSPP/MSPPTF%20Stakeholder%20Survey%20Responses%20-%20June%202025.xlsx

The MSPP Task Force is presenting an array of potential improvement opportunities. Some call for transformational change to the standard development process. Others are more incremental in nature. Some of the potential improvement opportunities could be pursued in combination; however, other potential alternatives are mutually exclusive.

Each of the following chapters presents a brief overview of the relevant phase of the current standard development process and concerns raised with the current process, a summary of industry feedback from the stakeholder survey, the overall goals of each of the potential improvement opportunities, a high-level summary of each of the potential improvement opportunities, and some of the benefits and drawbacks (or open questions) for each of the potential improvement opportunities, if implemented. Where helpful, the MSPP Task Force has included a diagram showing how the potential improvement opportunity could work.

The MSPP Task Force emphasizes that these potential improvement opportunities are intended to be a ***starting point*** for stakeholder feedback on potential options. They are not final proposals. Additional work will be needed to refine and elaborate on draft recommendations. The MSPP Task Force encourages stakeholders to provide candid feedback to help guide the development of refined draft recommendations, keeping in mind the need for transformational change to modernize the standard development process.

The MSPP Task Force is seeking comments from stakeholders on these options for potential improvement opportunities through August 27, 2025. The MSPP Task Force will carefully consider all comments received in developing a refined set of draft recommendations to be presented for stakeholder feedback later in 2025. The MSPP Task Force will present its final recommendations to the NERC Board in February 2026 with the opportunity for stakeholder input beforehand. Any Rules of Procedure changes needed to implement the final recommendations would be proposed at a later time.

Chapter 3: Initial Findings and Potential Improvement Opportunities for Initiating Standards Development

This chapter provides potential improvement opportunities the MSPP Task Force identified to enhance the efficiency of the initiation phase of the Reliability Standard development process. The goal is to redefine and revitalize the initiation process to be nimbler and resource efficient.

The potential improvement opportunities discussed in this section each propose a separate process track for projects to address FERC directives or urgent NERC Board initiatives, such as directives issued by the NERC Board under its authority in Section 322 of the NERC Rules of Procedure. This separate track recognizes the significant work that has already occurred in each case to identify risks and determine that a standard is the solution to address those risks. By streamlining the intake process for such projects, NERC would be able to develop responsive standards in a timelier manner.

Current Standards Initiation Process

Sections 4.1 and 4.2 of the NERC *Standard Processes Manual* describe the current process for initiating a new Reliability Standards project. Any entity or individual (including NERC committees or NERC staff) may submit a Standard Authorization Request proposing the development of a new or modified Reliability Standard or the retirement of a current standard. Although the process contemplates an annual solicitation period, Standard Authorization Requests are received at any time and are processed throughout the year.

Under NERC's current processes, each Standard Authorization Request that proposes a "new" or substantially revised Reliability Standard or definition should be accompanied by a technical justification. That justification includes, at a minimum, a discussion of the reliability-related benefits and costs of developing the new Reliability Standard or definition and a technical foundation document (e.g., research paper) to guide the development of the Reliability Standard or definition. The technical document should address the engineering, planning, and operational basis for the proposed Reliability Standard or definition as well as any alternative approaches considered during Standard Authorization Request development.

When presented with a Standard Authorization Request, the Standards Committee shall determine if it is "sufficiently complete" to guide development and may accept the Standard Authorization Request, remand the Standard Authorization Request for additional work, reject the Standard Authorization Request for good cause, or delay action pending development of a technical justification or consultation with another NERC committee on alternative approaches.

If the Standard Authorization Request is accepted, the Standards Committee shall authorize posting for stakeholder comment. For Standard Authorization Requests limited to addressing regulatory directives or that have had some industry vetting, the Standards Committee may authorize posting of the Standard Authorization Request for a 30-day informal comment period with no obligation to provide a formal response to the comments received. All other Standard Authorization Requests will be posted for a 30-day formal comment period.

A drafting team is then appointed for the project. The drafting team will first consider comments on the Standard Authorization Request, respond as required, and revise the Standard Authorization Request as needed. The drafting team may repost the Standard Authorization Request multiple times for additional comments, but the Standards Committee may curtail this work if it believes continued revisions would not be productive. If there is stakeholder support for a project, the drafting team may request that the Standards Committee authorize drafting standards revisions. The Standards Committee shall consider the public comments and their resolution in determining whether to authorize drafting or reject the Standard Authorization Request.

Project prioritization is set forth in the annual *Reliability Standards Development Plan*. However, projects addressing urgent reliability needs or regulatory directives with deadlines may change a previously established project prioritization mid-year. An overview of the complete standard development process is provided in **Appendix 1**.

Issues with Current Standards Initiation Process

The MSPP Task Force identified the following issues with the current standards initiation process:

Issue 1: The current Standard Authorization Request submission and vetting process is inefficient. The current process does not provide clear guidance for information that is needed for standards development. Sometimes technical justification and a supporting white paper is required, while at other times a high-level explanation is sufficient. Despite multiple efforts to reform the Standard Authorization Request form over the years, the current form does not always elicit clear information on the extent or scope of an identified risk or whether an issue is related to a reliability risk or a compliance issue. Feedback received through the MSPP Task Force survey suggests that many respondents want Standard Authorization Requests to clearly define the risk, include technical justification, and tie to specific mitigations and responsible entities. Clear guidelines for new standards projects should be established to focus scarce time and resources on the most important issues, taking into consideration the operational risk and reliability as early as possible.

Issue 2: The current process does not provide for consistent prioritization and vetting, which is key to success. Different roles are played by NERC staff, the Standards Committee, and the technical committees in vetting Standard Authorization Requests with no clear criteria for consistent prioritization and vetting. Standard Authorization Requests are often treated in a manner that does not reflect the reliability risk the project would address. In addition, there are multiple "entry" points for Standard Authorization Requests, which often result in inconsistent treatment and gathering resources for issues which ultimately do not rise to the level of warranting a standard. These inconsistencies can result in projects addressing higher priority risks taking longer to advance to the standard development stage than projects addressing lower priority risks.

Issue 3: The current process does not focus on building early industry support for a project and understanding the extent of an issue across North America to aid in prioritization. The current process focuses on building stakeholder support largely in the balloting and commenting phase. Upfront engagement and consensus building could lead to improved industry support for a project and more effective prioritization of efforts. Feedback received through the MSPP Task Force survey suggests that respondents want stakeholders to have more substantive involvement on potential projects earlier in the process.

Survey Feedback

Feedback on the survey questions related to the standard initiation process confirms several of the issues that the MSPP Task Force seeks to address. Specifically, to the question—"What changes to the [Standard Authorization Request] process do you suggest?"—the MSPP Task Force identified six overall themes in stakeholder responses:

- *Process Streamlining and Efficiency*: Many comments call for a more efficient Standard Authorization Request process, including reducing unnecessary reviews, shortening comment periods, bundling or consolidating Standard Authorization Requests, and introducing tiered or expedited tracks for urgent issues. Suggestions include limiting the number of high-priority projects, setting clear timelines for each stage, and leveraging project management best practices to reduce delays and administrative burden.
- *Enhanced Stakeholder Engagement and Transparency*: Respondents emphasize the need for earlier industry involvement and transparency throughout the Standard Authorization Request process. Recommendations include forming cross-functional or independent review teams, increasing outreach and communication, making Standard Authorization Requests visible earlier, allowing for industry voting or balloting on Standard

Authorization Requests, and providing clear rationales for decisions. Early and ongoing engagement is seen as key to building consensus and improving outcomes.

- *Risk-Based Prioritization and Justification*: A recurring theme is the need for Standard Authorization Requests to be clearly justified by significant reliability risks with robust risk analysis and prioritization frameworks. Suggestions include requiring technical justifications, cost-benefit analyses, and alignment with enterprise reliability risks. Some propose annual or semi-annual risk vetting conferences and the use of risk-based rubrics to determine which Standard Authorization Requests proceed and at what priority.
- *Standard Authorization Request Form and Criteria Improvements*: Numerous comments recommend revising the Standard Authorization Request form and submission criteria for clarity and usability. Proposals include introducing checklists, clearer templates, fewer and more focused sections, and fields for technical references and risk details. There is also support for separating objective statements from prescriptive solutions and for allowing minor corrections or clarifications outside the main Standard Authorization Request scope.
- *Timeliness, Flexibility, and Adaptability*: Timeliness is a major concern with calls to shorten review and comment periods, set deadlines for committee actions, and allow for more flexible or adaptive processes (e.g., expedited tracks, decentralized teams, or AI-assisted tools). Some suggest periodic review and reprioritization of Standard Authorization Requests, and mechanisms to address emerging risks or clarify requirements more rapidly.

To the question, "Are there aspects of the current [Standard Authorization Request] process that you think should remain the same?" the Task Force identified the following main themes:

- *Support for the Current Process*: Many stakeholders believe that the current Standard Authorization Request process is structurally sound and promotes stakeholder engagement and legitimacy. They value the industry's participation in both drafting teams and the balloting process.
- *Challenges and Improvements*: Some stakeholders have observed challenges in securing necessary industry participation, especially for high-priority projects with tight deadlines. They suggest improvements in planning and execution as well as more involvement from the entire industry, not just a small representation.
- *Technical Justification and Documentation*: There is a recommendation to maintain the requirement for a technical justification when developing new or revised Reliability Standards. This includes a discussion of the risk and impact on reliability and a technical foundation document to guide development.
- *Transparency and Feedback*: The importance of maintaining open comment periods and opportunities for stakeholder input is emphasized. This ensures transparency and allows industry experts to provide meaningful feedback.
- *Industry's Role*: The ability for any stakeholder to submit a Standard Authorization Request is considered important.

Overall, the results highlight the importance of industry involvement, transparency, and maintaining a structured process while also suggesting areas for improvement to enhance the effectiveness of the Standard Authorization Request process. The survey responses are available on the MSPP Task Force page on the NERC website.[8]

[8] https://www.nerc.com/gov/bot/MSPP/MSPPTF%20Stakeholder%20Survey%20Responses%20-%20June%202025.xlsx

Potential Improvement Opportunity 1: Implement a Biannual Review and Prioritization Process

Goal

Develop a streamlined, repeatable, consistent process for submitting, vetting, and prioritizing proposals for new standards projects on a predictable cadence.

How It Could Work

NERC would identify a standing group of stakeholder experts to drive all aspects of the standards initiation process with key milestones to take place at a predictable biannual cadence. This group, informally termed for the purposes of this white paper, the "Stakeholder Council," would consist of select members from the RSTC, the Reliability Issues Steering Committee, other individuals, or some combination thereof representing stakeholders with the necessary expertise and experience to guide the process. "Stakeholder Council" tasks would include the following:

- Administration of the biannual standards initiation process
- Ultimate responsibility for technical vetting, justification, authorization, and prioritization of all proposals for new standards projects
- Development of term sheets for standards development projects approved for drafting (see **Chapter 4**)
- Providing input into the RSTC workplan for issues to be addressed through alternate means (e.g., industry guidance) or for further study.

Standards Requests from Any Entity or Individual

The "Stakeholder Council" would conduct a twice-yearly open nomination period for any entities or individuals (including NERC committees or NERC staff) to propose new or modified reliability standards. These proposals would be called "Standards Initiation Requests," instead of "Standards Authorization Requests" to reflect the broader standards intake process. Each submittal would meet a set threshold and include a clear description of the risk to be mitigated and technical justification for the need for the standard. The submittal form would be simplified with clear direction regarding what is needed to initiate a project. This submittal form could also take the form of (or include as an attachment) a draft "term sheet" to be finalized by the "Stakeholder Council" (see below).

The "Stakeholder Council" would then convene in-person conferences that are open to all stakeholders twice yearly to review the Standards Initiation Requests. The "Stakeholder Council" would use these conferences to quantify and evaluate identified risks, obtain stakeholder input on potential mitigation efforts and the need for a proposed Reliability Standard, and review, technically vet, and prioritize (or reprioritize) proposed standards efforts.

For proposals identified as meriting standard development, the "Stakeholder Council" would develop "term sheets" to clearly describe the risk to be mitigated and the desired outcome/behavior. These "term sheets" would then move directly to standards development (see **Chapter 4**).

For the remaining proposals, the "Stakeholder Council" would either refer them to the RSTC to inform their Work Plan or reject them with an explanation provided to the submitter if the "Stakeholder Council" concludes that no further action is necessary. RSTC actions may include the development of guidelines, white papers, technical reference documents, additional support for a standard (to be included in a future open nomination), or no action at all. In rare cases, referrals to other NERC Standing Committees, e.g., the Compliance and Certification Committee, might be more appropriate.

Regulatory Directives or Urgent NERC Board Initiatives

There would be a separate process track for projects to address regulatory directives or urgent NERC Board initiatives or directives issued under its authority in Section 322 of the NERC Rules of Procedure. For these items, the general intake process would be bypassed and the "Stakeholder Council" would convene a technical conference for stakeholders to ensure clear understanding of the risks to be mitigated and to develop "term sheets" for the next stage of standards development.

Figure 3.1 illustrates the potential process.

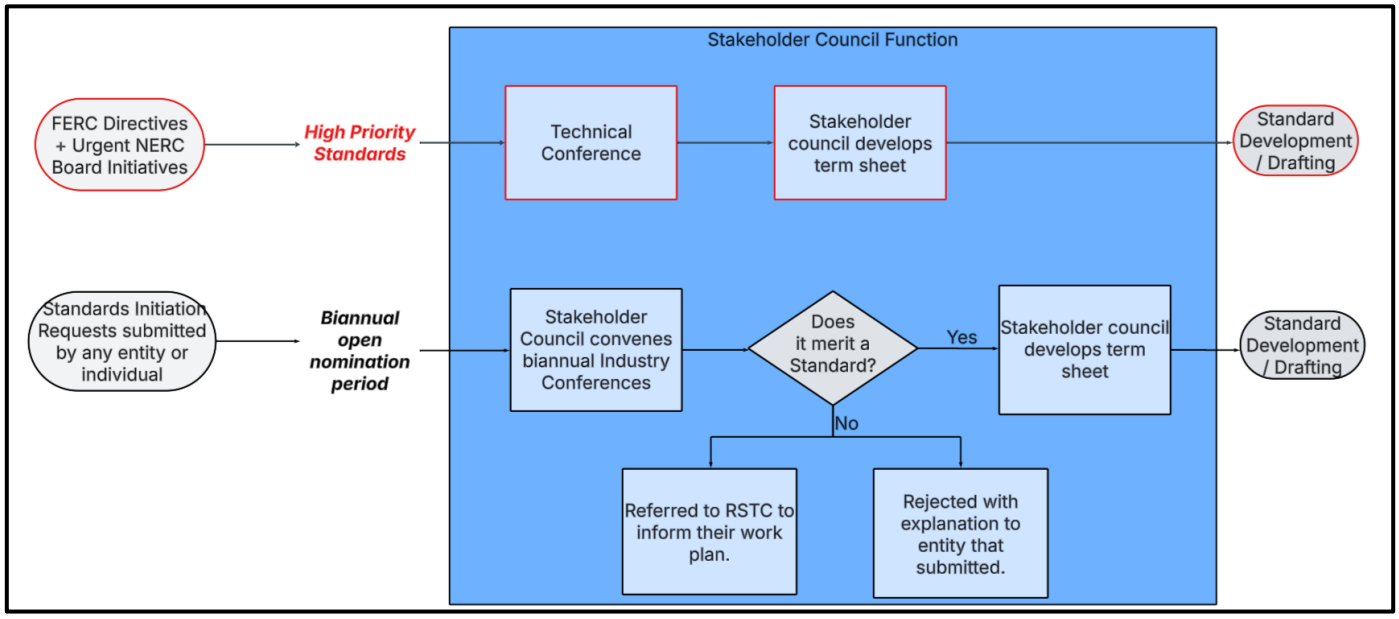

Figure 3.1: Biannual Review and Prioritization Process

Anticipated Benefits

- Addresses the need to have all standards initiated through a common vetting and prioritization process.
- Allows NERC to prioritize reliability concerns in a timely, transparent, and consistent batched process, compared to attempting to prioritize concerns one by one as they arise.
- Provides a structured and predictable process for identifying, vetting, and prioritizing reliability concerns with early stakeholder awareness and input.
- Provides for more effective development of the annual Reliability Standards Development Plans.
- Provides opportunities for early stakeholder input with a stakeholder technical conference at the beginning of the process to understand concerns and develop early consensus for directive-driven projects.
- Reduces the amount of Standard Initiation Requests generating unnecessary work.
- Provides input to the RSTC workplan.

Anticipated Issues/Outstanding Questions

- While adding consistency, limits flexibility for when new Standard Initiation Requests may be submitted.
- While adding transparency, requires the administration of two annual conferences to review requests.

- Criteria for membership of the "Stakeholder Council" would need to be defined.
- There may be a challenge identifying proper personnel to staff the "Stakeholder Council."
- A platform/process/tool for consistently quantifying and prioritizing risks would need to be established.
- Clear expectations for the information required for "Standard Initiation Request" submissions and the conduct of the open nomination period would need to be established.
- There needs to be clear expectations for the content of the "term sheet."
- If this process is implemented, the role of the Standards Committee would likely need to be redefined.

Potential Improvement Opportunity 2: Centralize the Process Through the RSTC

Goal

Develop a centralized process for submitting, vetting, and prioritizing (or reprioritizing) proposals for new standards projects on an ongoing basis.

How It Could Work

The RSTC, or a new RSTC subcommittee, would become the central clearinghouse for all "Standard Initiation Requests," including assuming roles presently performed by the Standards Committee. Responsibilities would include:

- Intake of all proposals for new standards projects on an ongoing, monthly basis
- Ultimate responsibility for technical vetting, justification, prioritization, and authorization of all standards initiation requests, leveraging stakeholder input, technical conferences, and RSTC technical subcommittees as needed
- Development of "term sheets" for the standard development effort, describing the risk to be mitigated and the desired outcome/behavior (see **Chapter 4**)–final "term sheets" would move directly into the standard development process
- Refer any issues not warranting a standards development effort as input to the RSTC workplan, including for the development of guidelines, white papers, technical reference documents, additional support for a future standard initiation effort, or, in rare cases, referrals to other NERC Standing Committees, (e.g., the Compliance and Certification Committee), might be more appropriate.

Regulatory Directives or Urgent NERC Board Initiatives

There would be a separate process track for projects to address regulatory directives or urgent NERC Board initiatives, such as directives issued by the NERC Board under its authority in Section 322 of the NERC Rules of Procedure. For these items, the RSTC (or assigned RSTC subcommittee) would generally bypass the intake process and convene a technical conference for stakeholders to ensure clear understanding of the risks to be mitigated and to develop "term sheets" for the next stage of standards development.

Anticipated Benefits

- Addresses the need to have all standards initiated through a common vetting and prioritization process.
- Provides a consistent process for identifying, vetting, and prioritizing reliability concerns.

- Maintains flexibility on when Standards Initiation Requests may be submitted and considered (e.g., submitted as identified and reviewed monthly).
- Provides opportunities for stakeholder conferences where needed to understand concerns and identify potential issues early in the process.
- Minimizes the amount of Standard Initiation Requests generating unnecessary work.
- Provides input into the RSTC workplan.

Anticipated Issues/Outstanding Questions

- The goal does not address the complexities of prioritizing risks for submittals received and reviewed at different points in time.
- A platform/process/tool for consistently quantifying and prioritizing risks would need to be established.
- Clear expectations for the information required for Standard Initiation Request submissions would need to be established.
- Clear expectations are needed for the content of the “term sheet.”
- If this process is implemented, the role of the Standards Committee will need to be redefined.
- If this process is implemented, the RSTC would become a one-stop shop for all activities from risk identification through review and delivery of different risk mitigating solutions. As such, the role of RSTC would be substantially expanded, and appropriate RSTC industry volunteer and NERC Staff support would be required.

Chapter 4: Initial Findings and Potential Improvement Opportunities for Standards Drafting Process

This section sets out potential improvement opportunities the MSPP Task Force identified to enhance the efficiency of the Reliability Standards drafting phase. The goal is to redesign the standards drafting process to allow for the integration of available tools and expertise and streamline the drafting process.

Current Standards Drafting Process

Sections 4.3 through 4.14 of the NERC *Standard Processes Manual* describe the current process for drafting proposed Reliability Standards and seeking stakeholder feedback on draft standards. Section 4.3 provides that the Standards Committee shall appoint a drafting team to develop standards, using a public nomination process or other method to provide necessary technical expertise, diversity of views, and work process skills to accomplish the objectives of the project on a timely basis. NERC staff support is provided as needed. Drafting teams are charged initially with refining Standard Authorization Requests and responding to comments on the request; after authorization is received, the drafting team develops initial draft standards, implementation plans, and compliance elements as well as supporting technical rationale.

The drafting team may solicit informal feedback through a variety of means, including informal comment periods. However, many drafting teams proceed directly to an initial formal comment period and ballot after an initial period of outreach to receive comments and a stakeholder vote on their proposals. Following the comment and ballot period, the drafting team will review and respond to comments, revise its proposals, and conduct as many additional ballots as needed to achieve a two-thirds or greater weighted segment approval vote of the ballot body. When such approval is obtained, the drafting team must respond to the last set of comments and may make further non-substantive revisions before posting for final ballot. Following the 2023 SPSEG revisions, if the approval percentage on the last ballot is 85% or greater and the drafting team is making no further changes, the team may conclude the standards action without conducting a final ballot. The overall standards development process is described in **Appendix 1**.

Issues with Current Standards Drafting Process

The Task Force identified several issues with the current drafting team model for developing standards.

Issue 1: The current process is time consuming and requires considerable stakeholder resources. Standard development projects can have drawn-out timelines that lead to a lack of urgency. In addition, the commitment to serve on a drafting team can be substantial. Each new volunteer must complete an orientation process and become versed in the procedures and conventions for drafting standards. As priorities shift, new Standard Authorization Requests are added to existing projects and timelines expand, industry volunteers can find they can no longer participate actively on a project or do not have the required expertise. This results in difficulties achieving quorum, slowing work and extending development timelines unnecessarily. When such drafting team members resign, they leave vacancies that often need to be filled. Under current processes, filling such vacancies through a public nomination process could take at least two to three months. Without predictability and clear timelines, stakeholders may find it difficult to allocate resources to standards development efforts. In recent years, NERC has encountered difficulties identifying enough industry volunteers with the relevant expertise to serve on some projects.

Issue 2: There are repeated comment and balloting periods. The current standards drafting process can take a considerable amount of time to complete because of the heavy reliance on multiple rounds of commenting and balloting to vet proposed draft standards. The current norm is to issue a proposed draft standard, take written comments on those draft standards, produce a written analysis of the comments, revise the draft based on those comments, and then repeat the process. The cycle has taken on a “Lather, Rinse, Repeat” nature that has led to an

increase over time in the number of rounds of comment and balloting required to get to the requisite approval level. The current process allows for repeated stops and starts, resulting in difficulty achieving stakeholder agreement. The drafting team can be immersed in responding to questions and comments rather than adjusting the substance of the standard based on inputs. Additionally, commenters are very attuned to the specific wording of the draft standards, requirements and measures, because they often view the proposed standard through a compliance lens. While certainly understandable, this approach has led to repeated failed ballots due to compliance-related concerns.

Issue 3: Roles and responsibilities are not always clear. The MSPP Task Force identified several issues regarding roles and responsibilities amongst committees, including the need for a clearer definition of the Standards Committee's role. Overall, there was a sense of overlapping responsibilities for the approval process, which creates opportunities for reprioritization throughout the process.

Survey Feedback

Feedback on the survey questions related to the standard development process confirms several of the issues that the MSPP Task Force is seeking to address. Specifically, to the question, "What changes to the standard development and drafting process do you suggest?" the Task Force identified six overall themes in stakeholder responses:

- *Timing of Stakeholder Engagement:* Many comments call for engaging stakeholders earlier in the process, before initiating the standards process and forming a drafting team, to allow for early course corrections and avoid last minute rewrites of draft standards. Suggestions include hosting technical conferences, pre-scoping workshops, informal polling, and cross-sector vetting earlier in the process.
- *Enhance how NERC Collects Stakeholder Comments:* Comments call for improving the process of collecting comments. Suggestions include using multiple-choice questions and tagging and comment threading over open text forms, and using live dashboards for project status, open comment windows, and rationale tracking.
- *Fix the Drafting Team Model*: Many commenters feel drafting teams lack the right mix of expertise. Suggestions included removing inactive members and allowing active observers to join teams and limiting vendor and trade group dominance. Some suggested a role-based model for drafting teams (e.g., engineer, operator, auditor).
- *Tighten Timelines, but Do Not Rush the Work*: Commenters expressed a desire for more disciplined project pacing, including milestone-based timelines, phased deliverables, and fewer gaps between comment periods. There was some support for shorter comment/ballot windows with the caveat that NERC should not sacrifice the quality of feedback or overload stakeholders.
- *Invest in Tools:* Commenters expressed a desire for better technology: collaborative drafting tools, live status dashboards, use of AI, and redline-based review. There was a strong interest in using AI to streamline repetitive tasks, flag inconsistencies, and detect feasibility issues.
- *Pursue Quality Control and Parallel Development*: Many commenters supported reintroducing a robust quality review process before balloting. Suggestions including drafting compliance documents (e.g., Reliability Standard Audit Worksheets, Implementation Guidance, and other audit-related materials) in parallel with standards, rather than later.

And to the question, "Are there aspects of the current standards development and drafting process that you think should remain the same?" the Task Force identified the following main themes:

- *Stakeholder Involvement is "Sacred"*: Many commenters want to preserve the role of NERC's stakeholders in standards development. Comments support including subject matter experts and implementing staff on drafting teams, broad and diverse participation, non-discriminatory team selection, and conducting open meetings and public comment periods.

- *Commenting and Transparency are Non-negotiable:* Many commenters want to preserve open comment periods, requirements to respond to comments, clean and redline postings of standards, and communicating in a transparent way the rationale behind decisions and votes.
- *Keep what Works, Revisit the Timelines:* Commenters want better pacing in standards development, including shorter churn windows, ballot loops, and more authority to close out unsuccessful projects.
- *NERC and FERC Staff Support is Valued:* Commenters appreciated the participation of NERC and FERC staff in the standard development process, particularly in maintaining consistency across standards, providing compliance insights, and keeping drafting teams focused on the task at hand.
- *Technical Conferences are Helpful*: Multiple commenters stated that hosting technical conferences is helpful for identifying potential issues early in the process.

The survey responses are available on the MSPP Task Force page on the NERC website.[9]

Potential Improvement Opportunity 1: Form a New Group or Panel to Coordinate Standards Drafting with AI Assistance

Goals

Reduce the amount of time it takes to draft a standard, increase opportunities for industry feedback, and minimize the duplication of roles and responsibilities across the process. This process would allow for the required conversations, feedback, and technical rigor required for standard development to occur at the early stages of the process, before the balloting begins.

How It Could Work

This process would improve upon the current process by leveraging developments in AI technology to improve standards drafting and review with the involvement of NERC Staff and a dedicated stakeholder body with relevant subject matter expertise.

This process recommends the creation of a new group or panel that could be the "Stakeholder Council" described in the previous chapter, or a separate body expressly created for the purpose of standard assessment and validation by individuals with subject matter expertise. The group or panel would have the following responsibilities in standards development:

- Validating draft standards prior to posting for industry input and balloting, incorporating human and AI input
- Reviewing AI-generated drafts of standards in concert with NERC staff
- Convening technical conferences as necessary
- Incorporating industry input to draft standards
- Determining if a drafting team needs to be formed to complete development of a standard
- Preparing completed draft standard package to be moved into the ballot process

This group or panel would be a standing body of NERC consisting of industry experts that are appointed by the NERC Board. To be appointed to the group or panel, the members must have the executive approval of their employing companies and must commit to uphold NERC standards and meet expectations for time commitment. The members would have term-limited, staggered terms.

[9] https://www.nerc.com/gov/bot/MSPP/MSPPTF%20Stakeholder%20Survey%20Responses%20-%20June%202025.xlsx

After receiving a "term sheet" from the standards initiation stage, NERC would leverage AI technology trained on NERC standard drafting conventions to aid in the initial drafting of a Reliability Standard, the associated compliance elements (e.g. Violation Risk Factors, Violation Severity Levels, and Measures), and supporting documentation based on the "term sheet." The AI tool would incorporate all prior events, standards, and processes as a part of standard drafting. The goal would be to ensure that historical data, industry best practices, precedent, and ongoing efforts with similar objectives are all incorporated into the initial draft standard. The AI-generated draft standard would then be subject to additional group/panel and NERC review for refinement and revision. The group or panel would determine when it is ready for industry comment and whether that would happen through a technical conference or other stakeholder feedback process.

Under this approach, appointing drafting teams to complete standards drafting would become an optional path rather than a mandatory one and would be employed by the group or panel as necessary. The decision to use a drafting team would be based on industry comments and input from the RSTC and NERC. If the group or panel determines that a drafting team is optimal, it would nominate a drafting team that includes the appropriate level of technical and compliance expertise to draft the standard. If the group or panel determines that a drafting team is not necessary, the group or panel and NERC would refine the draft standard based on feedback from industry and regional or Compliance Monitoring and Enforcement Program (CMEP) expertise.

If a drafting team is used or if major revisions are made, the draft standard would go through a second industry comment period, or as many as needed, before finalization and moving to the balloting process.

Throughout the process, NERC would use an AI tool to assist in the review and consideration of industry comments.[10] As with all proposed uses of AI in this process, the AI tool is intended to help save time and improve the quality of standards materials. It is not intended to replace human expertise or judgment but rather to focus that expertise and judgment in the areas where it can have the most impact. Consistent with feedback on the MSPP Task Force Survey, meaningful opportunities for stakeholder engagement in the drafting of standards are maintained across the entire process.

Figure 4.1 illustrates the potential process.

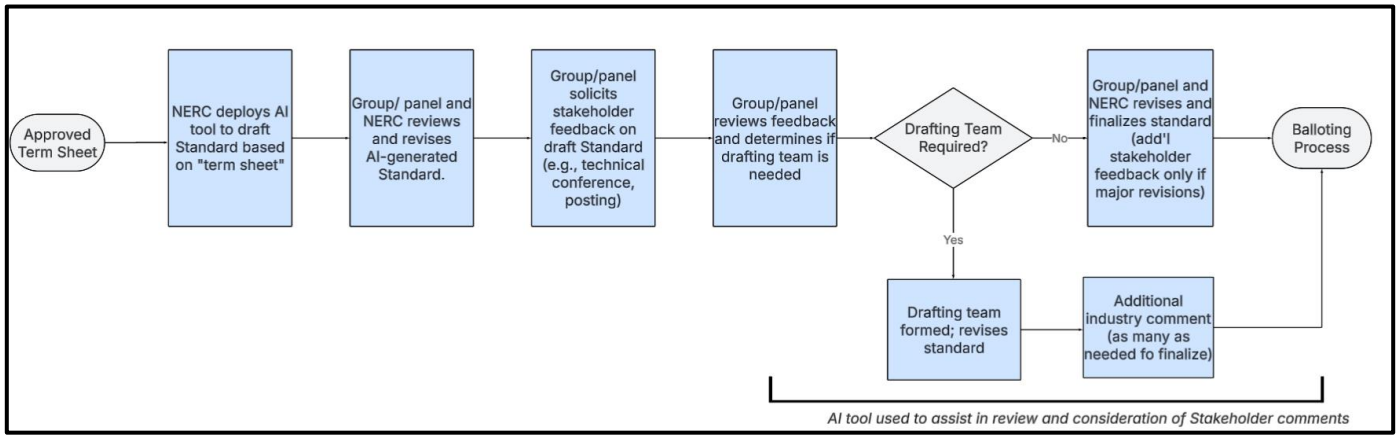

Figure 4.1. New Group or Panel to Coordinate Standards Drafting with AI Assistance

[10] Over the last several months, NERC has used AI in a limited capacity to aid current drafting teams in analyzing comment themes. NERC would build on the success of this effort by expanding the use of AI to help identify quality-enhancing refinements and other improvements that may help build stakeholder consensus.

Anticipated Benefits

- Would improve transparency throughout the standard drafting process with the use of an AI generated tool, development of process updates, and gathering input from relevant sources.
- Would reduce duplication of roles and responsibilities in standards drafting and establish a dedicated group for process and technical oversight.
- Would help expedite and clear the backlog of standards requests in process and create standards with more speed and efficiency.
- Would benefit the processing of lower priority standards and reduce likelihood of impacting the processing of higher priority standards.
- Would leverage AI technology to overcome the initial hurdles of drafting new or revised standards and sorting through extensive industry feedback in a way that is less subject to individual bias, while maintaining human judgement across the entire development process and increasing industry feedback opportunities.
- Would be implementable and realistic.

Anticipated Issues/Outstanding Questions

- For the proposed group or panel, NERC would need to establish a supporting process that has broad stakeholder support. This may include developing a nominating committee and a process to select the group/panel appointments for NERC Board approval, selecting the qualifications for members (e.g., representation from RSTC, Critical Infrastructure Protection (CIP), operations and planning, industry experts), and selecting the optimal number of members with specific expertise and with redundant technical expertise to reduce burdens/backlog. There may be challenges finding the proper personnel to staff this group or panel.
- There may be concerns about the use of AI in the standard development process. Clear emphasis on the collaborative role of AI and maintenance of human oversight at all stages is needed.
- AI tools could require fine-tuning to handle specific industry nuances. Pilot testing and iterative improvements will be essential to address technical challenges.
- Initial implementation may involve costs for AI tools, standards group/panel formation, and expanded feedback mechanisms. Potential mitigation may include conducting a cost-benefit analysis to demonstrate the long-term efficiency gains and savings from reduced redundancies and faster standard development timelines.
- AI tools would only use public NERC/industry data to generate drafts and analyze feedback. NERC would need to establish strict data privacy and security protocols to protect proprietary information and comply with relevant regulations.
- There would be a need to consider other opportunities for support including outsourcing to trusted organizations, bringing in a dedicated technical advisor(y); use of additional AI tools; or recommend use of abeyance periods for implementation, where appropriate.
- There would be a need to consider sponsoring drafting teams to facilitate process and serve as a project manager with certification.
- There would be a need to establish expectations for outputs along the way.
- There would be a need to refine the process off-ramp for certain scenarios.
- Changes would be needed to the charters of multiple stakeholder committees and multiple sections of the NERC Rules of Procedure to implement.

Potential Improvement Opportunity 2: Outsource Standards Drafting

Goals

Outsource the standards drafting process to a third party with a goal of gaining independence, efficiency, and effectiveness in standards drafting.

How It Could Work

This process would use third parties with subject matter expertise and technical writing capabilities to create initial drafts of standards, integrate comments, and refine drafts. All processes would otherwise stay the same. The process would rely on more stakeholder technical conferences for vetting concepts for draft standards.

Transition to full outsourcing would require considerable resources to validate and review the contractor work until such time as results are provided with confidence. Should such an option not prove viable, it is still possible for portions of the drafting workload to be outsourced. For example, lower priority standards could be given to a third-party for initial development, similar to the AI process, providing a basis for beginning the drafting process.

Anticipated Benefits

- Would allow independence in the drafting of standards.
- Outsourcing drafting could enable higher throughput and speed. The third party could adjust dedicated workforce as needed to meet the volume and speed requirements.
- Process may improve timeline and the backlog of standard projects. Provides for fewer limitations in staffing and eliminates volunteer drafting teams.
- Would reduce the draw on industry subject matter experts. This reduction in dedicated time by volunteers would help offset the higher contract cost to move standards through the outsourcing process.
- Would allow for a higher volume of output as contract resources are paid based on throughput, allowing them to add necessary resources as needed.
- Process should result in high quality standards with fewer iterations as the workforce stabilizes and internalizes the process for standards development.
- Technical expertise for standards development becomes the responsibility of the third party, making it easier to match skills to demand.

Anticipated Issues/Outstanding Questions

- Would largely remove industry stakeholders from standard drafting. Removing industry from directly writing standards may be too aggressive a process change for many stakeholders. The transition would be lengthy and require many checks and balances.
- Costs of the third party and oversight to be determined. The number of contractors with the wide array of necessary skills is limited and would directly impact the cost of the service. The reduced burden on industry for staffing drafting teams would need to be weighed alongside the cost of outsourcing.
- There may be potential regulatory concerns about such a process, given the industry driven nature of the current process. Standards are submitted for regulatory approval with the understanding that they are fully vetted and largely approved by industry. If industry volunteers are no longer involved in the drafting process, there may be questions about whether sufficient industry support exists for the standards.
- There may be uncertainties about quality of output. Writing standards is a tremendously difficult task. Standards must be technically excellent, but must also comport with legal/regulatory guidance, address

regulatory directives (where applicable), and account for compliance concerns, while also accounting for regional differences across the North American BPS. Few contractors have the skills to embrace the full array of NERC standards in development. The close oversight and review through the transition period would add to cost as well as potentially delay balloting.

Potential Improvement Opportunity 3: Implement Incremental Process Changes

Goals

"Tweak" the current standards drafting process to enhance its efficiency. The tweaked process would maintain the core of the current process and roles/responsibilities but add enhancements to reduce the amount of time between the inception of drafting and final balloting.

How It Could Work

This process would improve upon the current process by leveraging developments in AI technology to improve how NERC drafts and reviews standards, using NERC staff and a standards drafting team with relevant subject matter expertise. The process would integrate AI for initial standard drafting, comment integration, and refinement while maintaining the current drafting teams. All processes would stay the same. NERC staff would need to be integrated into drafting teams to assist with AI-related tasks. It is expected that this process would use industry technical conferences to help build consensus standards.

Anticipated Benefits

- Would allow familiar process to continue with some enhancements to improve speed and efficiency.
- Drafting teams would regularly use AI as a complement to standards drafting, reducing time in the drafting process.
- The use of technical conferences helps understanding and consensus rather than trying to drive change through the balloting process.
- Roles and responsibilities remain similar.

Anticipated Issues/Outstanding Questions

- Incremental change would likely bring only incremental improvement.
- Efforts to implement incremental improvements as part of prior initiatives (e.g., SPSEG) have been unsuccessful in driving improved efficiencies or timeliness.
- Industry continues to supply resources for drafting teams, creating a bottleneck in skill sets and availability as well as complexity in reaching consensus on establishing teams.
- Would not address potential duplication and ongoing reprioritization. Handoffs, assignments, and opportunities to extend development duration would likely remain even with improvements.
- Process could continue to result in a backlog of standards projects in process as it is unlikely throughput would considerably improve.
- Roles and responsibilities will continue to create overlaps in prioritization.
- Would not allow stakeholders to provide substantial input at an early stage.

Chapter 5: Initial Findings and Potential Improvement Opportunities for Standards Balloting

This section sets out potential improvement opportunities the MSPP Task Force identified to modernize the process NERC uses to evaluate stakeholder approval of proposed Reliability Standards. In considering this phase of the Reliability Standard development process, the MSPP Task Force was guided by the following five foundational principles:

1. Remain consistent with Section 215 of the Federal Power Act, providing for reasonable notice and opportunity for public comment, due process, openness, and balance of interests by: (i) ensuring all stakeholder voices are heard and considered; (ii) ensuring all Registered Functions votes matter (and are balanced in their weighting); and (iii) increasing stakeholder participation for providing input (whether through an individual vote or other mechanism).
2. Increase accountability for voter positions for the organizations they represent.
3. Decrease the timeline of the balloting lifecycle.
4. Provide an opportunity to broaden the level of industry participation in the standards balloting process.
5. Proposed solutions should meet the overarching goal of the Task Force of producing more effective/efficient outcomes.

Current Standard Balloting Process

The *Standard Processes Manual* requires NERC's stakeholders to approve NERC Reliability Standards via the Registered Ballot Body prior to submission to the NERC Board for adoption and to the applicable governmental authorities for approval. As described below, each Reliability Standard proposed for Registered Ballot Body approval has its own ballot pool composed of interested members of the Registered Ballot Body that vote on whether to approve the proposed Reliability Standard. Each Registered Ballot Body member and its affiliates is collectively permitted one voting membership per Registered Ballot Body segment.

Sections 4.7 through 4.14 of the NERC *Standard Processes Manual* describe the current process for obtaining stakeholder approval of a draft Reliability Standard via the Registered Ballot Body. The first step in obtaining Registered Ballot Body approval of a proposed new or modified Reliability Standard is to post the draft standard for an initial formal comment period during which time NERC must form the ballot pool for that standards project and conduct an initial ballot.[11]

The second step in the balloting process is the formation of the ballot pool during the first 30 days of the initial 45-day formal comment period. NERC forms the ballot pool by sending notice to every entity in the Registered Ballot Body that there is a new or revised Reliability Standard proposed for approval. In that notice, NERC solicits participants for the associated ballot pool. All members of the Registered Ballot Body are eligible to join each ballot pool to vote on a new or revised Reliability Standard. Once the initial ballot closes, Registered Ballot Body members can no longer join or withdraw from the ballot pool until the standard project ends (subject to authorized deviations by NERC's Director of Standards).

The third step in the balloting process is to conduct the initial ballot during the last 10 days of the formal comment period. Ballot pool approval of a Reliability Standard requires a quorum, which is established by at least 75% of the members of the ballot pool submitting a response, and a two-thirds majority of the weighted segment votes cast in

[11] Under Section 4.7 of the *Standard Processes Manual*, the initial formal comment period must be for at least 45 days. The intent of the formal comment period is to solicit specific feedback on the draft Reliability Standard.

the affirmative.[12] If the ballot pool does not approve of a proposed Reliability Standard in the initial ballot, the standard drafting team generally revises the draft standard based on stakeholder feedback and posts the revised version for an additional formal comment period and ballot to achieve ballot pool approval.[13] It can take several iterations of this process for a draft standard to reach the necessary approval thresholds.

The last step in the balloting process is to conduct a final ballot when the standard drafting team has reached a point where it has made a good-faith effort at resolving applicable objections and is not making any substantive changes from the previous ballot. In the final ballot, votes are counted by exception only—members on the final ballot may indicate a revision to their original vote; otherwise, their vote would remain the same as in their prior ballot. There is no formal comment period concurrent with the final ballot and no obligation for the drafting team to respond to any comments submitted during the final ballot.[14]

If the Reliability Standard is rejected by the ballot pool, the Standards Committee can decide whether to end all further work on the proposed standard, refer the Standard Authorization Request to a NERC technical committee or to the original Standard Authorization Request submitter to determine if an alternative approach may achieve the desired reliability outcome, or continue holding ballots to attempt to reach consensus on the proposed standard. If the Reliability Standard is approved, NERC posts the Reliability Standard and presents it to the NERC Board for adoption. If adopted, NERC files the proposed standard with the applicable governmental authorities for approval. The overall standards process is described in **Appendix 1**.

Issues with Current Standard Balloting Process

The MSPP Task Force identified the following primary issues with the current balloting process.

Issue 1*:* Conflicting votes and impact on process equity. As noted above, each Registered Ballot Body member (together with its affiliates) is permitted to vote in each segment for which it qualifies. Multiple votes by a single entity often leads to conflicting or redundant votes, decreasing the equity of the process.

Issue 2: Accountability. The MSPP Task Force also found there is insufficient accountability for positions taken in a ballot and companies' votes may not align with companies' positions as expressed by their management.

[12] The following process is used to determine if there are sufficient affirmative votes:

- For each Segment with ten or more voters, the following process shall be used: The number of affirmative votes cast shall be divided by the sum of affirmative and negative votes with comments cast to determine the fractional affirmative vote for that Segment. Abstentions, non-responses, and negative votes without comments shall not be counted for the purposes of determining the fractional affirmative vote for a Segment.
- For each Segment with less than ten voters, the vote weight of that Segment shall be proportionally reduced. Each voter within that Segment voting affirmative or negative with comments shall receive a weight of 10% of the Segment vote.
- The sum of the fractional affirmative votes from all Segments divided by the number of Segments voting shall be used to determine if a two-thirds majority has been achieved. (A Segment shall be considered as "voting" if any member of the Segment in the ballot pool casts either an affirmative vote or a negative vote with comments.)
- A Reliability Standard shall be approved if the sum of fractional affirmative votes from all Segments divided by the number of voting Segments is at least two thirds.

[13] Similarly, if the draft standard achieves sufficient affirmative votes but, based on stakeholder comments, the standard drafting team determines it is nonetheless necessary to make substantive changes to the draft standard, the standard drafting team may revise the draft standard and post for an additional formal comment period and ballot.

[14] In certain cases, the drafting team may conclude the standards action without conducting a final ballot if the following conditions are met: (i) the previous ballot achieved at least 85% weighted segment approval; (ii) the drafting team has made a good faith effort at resolving applicable objections; (iii) the drafting team has responded in writing to comments as required by Section 4.12; and (iv) the drafting team is proposing no further changes to the balloted documents.

Issue 3: Impediments to participate in the ballot body. The short, one-time sign-up period for forming a ballot pool at the beginning of the project restricts stakeholder participation. As noted above, once the initial ballot window closes, Registered Ballot Body members may no longer join the pool (unless approved by NERC's director of standards).

Issue 4: Industry/organization vs. BPS interest. Voters are not always casting votes in the "best interests" of their organization or of the reliability of the BPS (*e.g.*, voters casting a "no" vote because they did not read the proposed standard, not because they are against the proposed standard). This might be due, in part, to the feedback NERC received that the demands of NERC's current standard development process are outpacing the ability of some entities to participate meaningfully through comment and ballot periods.

Issue 5: Lack of broad industry participation. Many entities that are affected by NERC's activities—including many entities on the NERC Compliance Registry—are not actively participating in NERC's balloting process. As discussed in **Chapter 1**, NERC staff identified unfavorable trends in standard balloting, segment balance, and industry participation. NERC staff identified a 15% decrease in Registered Ballot Body membership from 2017–2024. Four segments (40%) have never reached their full segment weight in NERC's balloting formula. The end user segments are chronically undersubscribed. Furthermore, only a relatively small percentage of industry entities eligible to join the Registered Ballot Body are members.

Survey Feedback

Feedback to the survey questions on the standard development balloting process confirms several of the issues that the MSPP Task Force is seeking to address. Specifically, to the question of, "What changes to the Registered Ballot Body and/or balloting process do you suggest?" the MSPP Task Force identified six overall themes in stakeholder responses:

- *Ballot Participation Rules are Too Rigid for Reality:* Multiple commenters expressed concerns about the current ballot rules, including voters being shut out after project scopes change, rules that conflict with real-world job shift and role changes, and a lack of flexibility regarding proxies, multi-segment voting, and ability to correct votes.
- *Timing is Misaligned and Sometimes Rushed*: Some commenters wanted shorter comment periods, others wanted additional time to coordinate; but all wanted more predictability and purpose in the timing of comment periods and ballots. Commenters asked to end Friday-Monday ballots. Some commenters called for introducing comment-only rounds and limiting the number of ballot cycles.
- *Transparency and Voting Fairness Seem Tilted*: Commenters wanted more transparency on how their comments were considered, including comment summaries, ballot matrices, and clarity on how votes and comments shape revisions to draft standards. Many commenters support using AI assisted comment synthesis to highlight true themes. Many commenters call for weighting voting based on impact, not just registration count. A few commenters called for raising or lowering the ballot approval threshold or ending the final ballot altogether.
- *Technology and User Experience are not User Friendly*: Many commenters expressed frustration with the Standards Balloting System (SBS) tool used by NERC, which may be disincentivizing participation. There were suggestions for enhanced tools, including banner alerts, status tracking, and easy proxy controls. There were also suggestions for using AI tools to develop pre-ballot summaries, assist with drafting revisions, and manage comments.
- *Representation is Not Properly Balanced*: A number of commenters claimed that large, vertically integrated utilities can dominate the process through votes across multiple Registered Ballot Body segments. There was support for segment reform and for considering targeted balloting.

- *The Process Should be Simplified*: Commenters suggested eliminating non-binding polls, formal shortened-ballot approvals, and final ballots. Other suggestions included setting a maximum of three ballot rounds per standard project and providing summary-level responses to comments.

And to the question, "Are there aspects of the current balloting process that should remain the same?" the Task Force identified the following main themes:

- *Balloting Must Stay and Stay Meaningful*: Many commenters expressed support for preserving the core balloting process and ensuring subject matter expertise is part of the process of approving standards.
- *The Two-Thirds Supermajority Approval Threshold Should be Kept*: Commenters expressed support for keeping the current two-third approval threshold for proposed standards as a guardrail against poorly supported standards and for helping to protect cross-sector consensus for standards.
- *Multiple Rounds and Iteration are Critical*: Commenters indicated strong support for multiple balloting and commenting rounds, concluding that an iterative process is essential for refining standards.
- *Key Structural Elements Should be Maintained*: Commenters appreciated segment-based voting for ensuring each stakeholder has a voice, preserving ballot pool access, proxies, and abstain votes to promote flexibility, and the ability to vote by registration function.
- *Transparency, Communication, and Revisions are Working*: Commenters generally perceive the standard development process as clear, navigable, and participatory, and stakeholders are informed, engaged, and heard.
- *Inclusivity and Practical Usability are Essential*: A number of commenters praised the inclusivity of the Registered Ballot Body framework for enhancing the breadth of input. Multi-role entities and entities that are not responsible for compliance with standards appreciate the ability to participate. While noting that the process is not perfect, commenters believed the current process is working.

The survey responses are available on the MSPP Task Force page on the NERC website.[15]

Potential Improvement Opportunity 1: Create a Standing Ballot Body

Goal

Retain the requirement for stakeholder approval of a proposed Reliability Standard but reimagine the balloting process to create a more efficient and effective mechanism to obtain such approval. As described below, the standing ballot body option would move away from the use of the Registered Ballot Body framework in favor of the establishment of a standing ballot body, which would consist of representatives from specified stakeholder sectors that would vote to approve standards on behalf of all NERC stakeholders. This standing ballot body approach is modeled after NERC's Member Representatives Committee and methods used by ISOs/RTOs for stakeholder votes.

How It Could Work

Formation of a Standing Ballot Body: Under this option, NERC's Rules of Procedure would be revised to eliminate the use of the Registered Ballot Body framework. In its place, NERC would establish a standing ballot body consisting of representatives from various stakeholder sectors that would vote on proposed standards on behalf of their sector. The Task Force has yet to develop a recommendation on the specific sectors for the standing ballot body but is considering the membership sectors in Article II, Section 4 of the NERC bylaws as an appropriate model. Specifically, the Task Force is evaluating a standing ballot body with two representatives from each of the following 11 sectors to vote on proposed Reliability Standards on behalf of all NERC stakeholders:

[15] https://www.nerc.com/gov/bot/MSPP/MSPPTF%20Stakeholder%20Survey%20Responses%20-%20June%202025.xlsx

1. Investor-owned utility sector
2. State/municipal utility sector
3. Cooperative utility sector
4. Federal or provincial utility/Federal Power Marketing Administration sector
5. Transmission-dependent utility sector
6. Merchant electricity generator sector
7. Electricity marketer sector
8. End-user sector
9. Independent system operator (ISO)/regional transmission organization RTO) sector
10. Government representative sector[16]
11. Canadian sector

These 11 sectors generally track the membership sectors in Article II, Section 4 of the NERC bylaws with the following deviations: the large end-use electricity customer and small end-use electricity customer sectors were combined in a single sector, and an additional sector was added for Canadian entities to help ensure proportional representation. It also does not include the Associate sector from the bylaws.

Under this option, an entity, together with any corporate affiliates, would have to select a single sector (the sector reflected in its NERC membership) to join. In other words, an entity could not join more than one sector, nor could its affiliates join a different sector. This requirement would help prevent the issue faced under the current framework where multiple segment votes by a single entity/corporate family often lead to conflicting or redundant votes.

Selection of Sector Representatives: The representatives for each sector would be selected by the entities in that sector. At this time, the MSPP Task Force has yet to recommend a specific selection mechanism; comments are requested on this issue. Such a selection mechanism could be like those used for the Member Representatives Committee and NERC standing committees with sector-based representation.

Voting: Once a standard is drafted and ready to move into the stakeholder approval phase (*see* discussion in **Chapter 4**), the proposed Reliability Standard would be brought to the standing ballot body for a vote. Prior to voting on a draft standard, the sector representatives would be required to solicit feedback from their "constituents" (i.e., the entities in their sector) to help ensure that all interested stakeholders continue to have an opportunity to provide feedback at this stage. The MSPP Task Force is still considering the requirements and the mechanism(s) for soliciting and receiving that feedback; comments on this subject would be helpful.

Once the feedback period is complete, the voting window would open, and sector representatives would be charged with submitting their vote on behalf of their constituents. The representatives would have three choices: approve, reject, or abstain. In submitting their votes, the sector representatives would be required to submit a written explanation for their vote. NERC would post the representative votes and accompanying explanations publicly.

[16] Under the NERC bylaws, this sector includes any federal, state, or provincial government department or agency in North America having a regulatory and/or policy interest in wholesale electricity. A not-for-profit association that coordinates and helps represent the interests of members of the sector may be a member of the sector unless the majority of the other members of the sector objects. Entities with regulatory oversight over NERC or any Regional Entity, including U.S., Canadian, and Mexican federal agencies and any provincial entity in Canada having statutory oversight over NERC or a Regional Entity with respect to the approval and/or enforcement of Reliability Standards would not have voting representation on the Member Representatives Committee. Similarly, entities with regulatory oversight over NERC or any Regional Entity may not be included as voting members in this sector for purposes of balloting Reliability Standards.

Standing ballot body approval of a proposed Reliability Standard would require: a quorum—which is established by at least 75% of the sector representatives submitting a response— and a two-thirds weighted majority of affirmative votes. An outstanding issue is the proper weighting of sector votes for determining standard ballot body approval; comments on this subject would be helpful.

If the proposed Reliability Standard is approved, NERC may bring it to the NERC Board for adoption. If the standing ballot body does not approve the proposed Reliability Standard, the standing ballot body would send the standard back to NERC to revise the standard based on stakeholder feedback. The revisions would be made via the mechanism for drafting standards. Once the draft standard is again ready for a standing ballot body vote, the sector representatives would again complete the feedback and voting cycle.

If the standing ballot body fails to approve the standard a second time, NERC would send it back to the standards group or panel, or some other mechanism if the group or panel option is not ultimately adopted, for consideration as to whether to end the development project or continue to modify the draft.

In evaluating the standard ballot body approach, the Task Force discussed a distinct track for standard ballot body approval for proposed standards addressing regulatory directives or urgent NERC Board initiatives or directives, such as directives issued by the NERC Board under its authority in Section 322 of the NERC Rules of Procedure. For these scenarios, NERC would facilitate one advisory ballot only. The proposed standard would then be provided to the NERC Board for adoption, along with the standard balloting body ballot results, including the written explanations for the representatives' voting positions. The NERC Board would consider the ballot results and feedback in deciding whether to adopt the proposed standard.

Figure 5.1 illustrates the potential process.

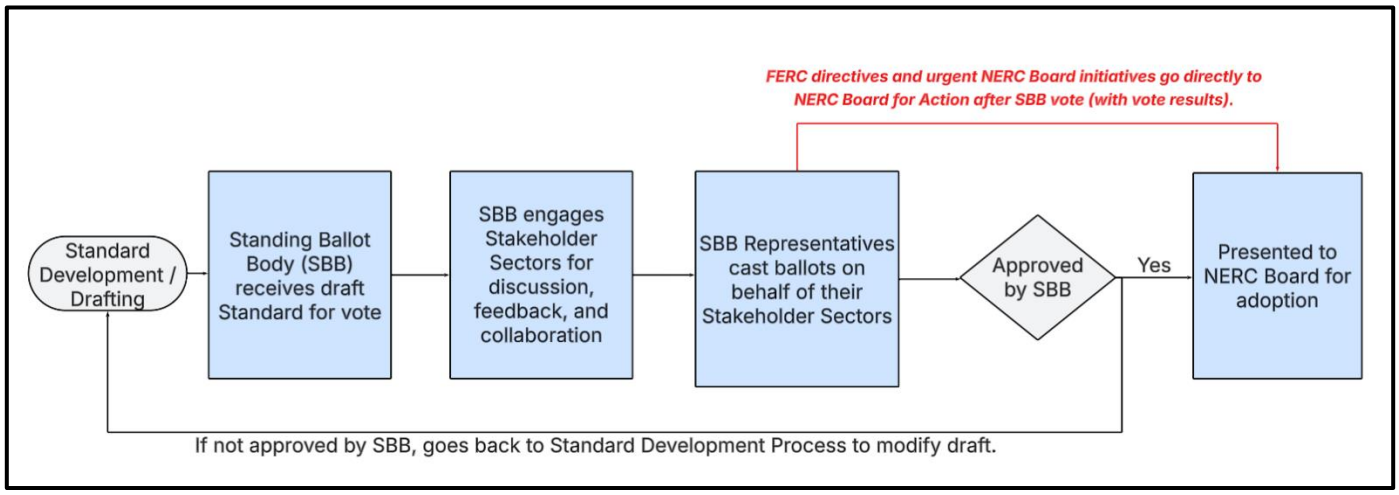

Figure 5.1. Standing Ballot Body Process

Anticipated Benefits

- *Eliminates Complexity of Registered Ballot Body framework*: As noted by multiple commenters to the MSPP Task Force survey, there are multiple issues with the current Registered Ballot Body framework, including the usability of the voting tools and the limitations associated with participating in the project-specific ballot pools, all of which are addressed in this option.
- *Consolidated Votes:* This framework would address the duplicative and offsetting votes of single entities/corporate families.

- *Reorganizing Segments:* This framework would address dilution of segments. Entities would only be able to join a single category (including affiliates/subsidiaries) to ensure equal representation across NERC's registered entities.
- *Inclusive Process:* The updated vision empowers entities to more intentionally engage one another because each one has an equal voice.
- *Accountability*: Sector representatives would be required to provide a written explanation for their votes.

Anticipated Issues/Outstanding Questions

There remain certain outstanding questions related to the proposal, including the following:

- Would the proposal increase participation and engagement across stakeholder groups?
- Would the proposal decrease the number of ballots per project?
- Would there be an efficient mechanism to solicit feedback to drive consensus within a sector?
- If there is no clear consensus within a sector, how would the representatives vote?
- How would NERC implement weighted voting for the standing ballot body approach?

Potential Improvement Opportunity 2: Implement a Notice and Comment Process for Proposed Standards

Goals

Streamline the standard development process while retaining stakeholder participation by removing stakeholder balloting and replacing it with a public notice and comment approach to Reliability Standard development. This approach, modeled after FERC's rulemaking proceedings, would allow for a framework with more definitive timelines and opportunities for engagement. Each NERC registered entity would have the same opportunity to submit feedback about a proposed Reliability Standard. The approach would also increase the opportunity for "nontraditional" stakeholders to provide input. It would avoid the complications associated with voting segments and facilitate a feedback process that is open to the public with a low barrier to entry.

How It Could Work

This process would reflect a simplified approach for obtaining stakeholder feedback on a draft Reliability Standard prior to the NERC Board review and adoption phase. In short, once the standard initiation and development phases are complete, NERC would post publicly a "Notice of Standard Development" that would provide the draft Reliability Standard and request comments from the public by a certain date. Based on the record developed in the standard initiation and drafting phases, NERC would include in the Notice of Standard Development a discussion of the need for the proposed Reliability Standard, an explanation of each of the requirements, and any additional information relevant to the draft standard, including a request for comment on any specific area of the draft standard.

Based on the feedback obtained, NERC would work through its standard drafting processes to revise the standard and draft responses to the comments. Once NERC determines that the proposed Reliability Standard is ready for NERC Board action, NERC would send it to the NERC Board for adoption. If necessary, NERC could repeat the notice and comment procedure once.

Anticipated Benefits

The notice and comment approach would address many of the existing issues with the current process:

- Would allow for a framework with more definitive timelines and opportunities for engagement.

- Would give each stakeholder the same opportunity to submit feedback about a proposed Reliability Standard and would avoid the issue of a single entity casting multiple votes.
- Would increase the opportunity for "nontraditional" stakeholders to provide input as it would avoid the complications associated with voting segments and rigid ballot pool rules.
- Would facilitate a feedback process that is open to the public with a low barrier to entry.

Anticipated Issues/Outstanding Questions

- Removal of ballots could create uncertainty regarding the level of stakeholder consensus support for a proposed Reliability Standard, which could ultimately lead to challenges to the standard later in the approval process.
- Potential issues on how comments would be considered and weighed.

Potential Improvement Opportunity 3: Implement Incremental Changes to Registered Ballot Body Framework

The MSPP Task Force also discussed making incremental changes to the current balloting process framework to address the identified issues. As a starting point, NERC staff provided the MSPP Task Force with the analysis and recommendations from the Registered Ballot Body Task Force discussed above. The Registered Ballot Body Task Force conducted an analysis in 2024. It assessed voting behavior to identify trends, issues, or inequities in the Registered Ballot Body. The Registered Ballot Body Task Force delivered its results to the NERC Board in February 2025 in closed session. At that time and given the launch of the MSPP Task Force, the NERC Board decided that the Registered Ballot Body Task Force analysis should be considered as part of the broader and more holistic MSPP Task Force review.

The MSPP Task Force did not discuss potential incremental changes in detail. The changes recommended by the Registered Ballot Body Task Force could be leveraged and adjusted to balance the Registered Ballot Body share of voices and improve the effectiveness of Registered Ballot Body processes. Incremental changes could take the form of modifying the segments to better align with NERC registered functions, modifying the way segments are weighted, and other changes to increase participation. The specific recommendations from the Registered Ballot Body Task Force included the following:

- Replace Segments 1–5 (Transmission Operators (TO), RTOs/ISOs, Load Serving Entities (LSE), Transmission Dependent Utilities (TDU), and Electric Generators) with segments that align with NERC registered functions. Implementing this option would require adding more segments for owners and operators, but it may result in a more balanced representation of the users of the BPS in the Registered Ballot Body.
- Ensure full segment weight and proportional segment weights for Segment 2 (RTOs and ISOs) and Segment 10 (Regional Reliability Organizations and Regional Entities).
- Ensure segment designation clarity for Segment 3 (LSEs) and Segment 4 (TDUs) that are either dependent or independent of third-party transmission systems.
- Combine Large and Small Electricity Users (Segments 7 and 8) and remove the quantitative requirement or provide justification for the quantitative requirement and keep Large and Small Electricity Users as separate segments.
- Remove the amount of circuit miles requirement from Segment 1 (TOs).
- Require the NERC Compliance Registry (NCR) number in the Registered Ballot Body for members who are NERC Registered Entities as well as require the identification of the associated NCRs for those who vote on behalf of their affiliates.
- Expand stakeholder outreach and training.

- Align Registered Ballot Body terminology with the NERC Glossary of Terms or Rules of Procedure.
- Include the New York State Reliability Council in Segment 9 (Federal, State, and Provincial Regulatory or other Government Entities) and modify Segment 10 (Regional Reliability Organizations and Regional Entities) to remove Regional Reliability Organizations.

As part of the release of this white paper, the MSPP Task Force is also publishing the full Registered Ballot Body Task Force analysis, which can be found on the MSPP Task Force page on the NERC website.[17]

Anticipated Benefits

The incremental approach would largely keep the benefits of the existing balloting process intact while attempting to address the issues that lead to the formation of the MSPP Task Force.

Anticipated Issues

- Previous attempts at incremental improvements did not reach the desired outcome and the issues discussed above may not be solved without a reimagining of the balloting process.
- Substantial NERC resources would be required to update and improve the RBB administrative processes to reflect the revised balloting framework.

[17] https://www.nerc.com/gov/bot/MSPP/Registered%20Ballot%20Body%20Task%20Force%20Analysis%20and%20Recommendations%20-%20Dec%202024.pdf

Conclusion

Since 2007, mandatory Reliability Standards have played an integral role in addressing new and emerging risks to the reliability, resilience, and security of the grid. In less than 20 years, NERC and its stakeholders have developed an efficient and effective body of Reliability Standards. NERC's existing standard development processes have sustained standards development well during this time. However, given the pace of change taking place on the BPS, NERC must continually improve its standard development processes to ensure they keep pace with the speed at which novel risks are emerging. This modernization is vital to address the accelerating risks to the BPS that threaten its continued reliability, resilience, and security.

The MSPP Task Force has presented a series of potential improvement opportunities to rethink the process by which NERC now uses to develop its Reliability Standards. These potential improvement opportunities are intended to improve NERC's ability to respond to urgent reliability needs through Reliability Standards development as well as increase efficiency for NERC staff and stakeholder participants alike. These improvement opportunities aim to enhance—and not reduce or replace—the role of stakeholder feedback in NERC's standard development processes. NERC recognizes that stakeholder participation, through an open and transparent process, is key to the success of the ERO model.

The MSPP Task Force asks NERC's stakeholders for feedback on these potential improvement opportunities. Doing so will help the MSPP Task Force develop a robust set of preliminary process recommendations for further stakeholder consideration. The MSPP Task Force will present its final process recommendations to the NERC Board in February 2026.

Appendix 1: The NERC Standard Development Process

This chapter provides a description of NERC, including its role in developing standards for the reliable operation of the North American BPS to provide for an adequate level of reliability, and an overview of NERC's standard development process.

About NERC

NERC is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the electric power grid. In 2006, FERC certified NERC as the Electric Reliability Organization in accordance with Section 215 of the Federal Power Act.[18] Canadian jurisdictions have also recognized NERC as the North American ERO in accordance with applicable laws, regulations, and agreements. NERC's area of responsibility spans the continental United States, Canada, and the northern portion of Baja California, Mexico. NERC's jurisdiction includes users, owners, and operators of the BPS, which serves nearly 400 million people.

NERC develops and enforces Reliability Standards, annually assesses seasonal and long-term reliability, monitors the BPS through system awareness and educates, trains, and certifies industry personnel.

Stakeholder input is essential to the success of the ERO regulatory model under which NERC operates. NERC relies on its stakeholders, particularly its industry participants, for their technical expertise in the areas of planning, operating, and securing the grid. NERC's stakeholders play an important role in identifying reliability risks requiring new or revised Reliability Standards, studying those risks through NERC committees and working groups, identifying the best ways to address those risks in Reliability Standards, and providing comment on standards proposals through the standard development process. Through stakeholder participation, NERC is able to accomplish much more to advance the reliability, resilience, and security of the grid than it could achieve on its own.

Regulatory Framework

Under Section 215 of the U.S. Federal Power Act, NERC, as the ERO, is required to develop and enforce Reliability Standards for the reliable operation of the BPS. Entities that are users, owners, or operators of the BPS must comply with Reliability Standards developed by NERC and subsequently approved by FERC. Similar authorities are in place in the interconnected Canadian provinces.

To maintain its certification as the ERO under Section 215 of the Federal Power Act, NERC must have "rules that provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties."[19]

This model has several benefits over other regulatory models. The model leverages stakeholder expertise on the front end and allows stakeholders the opportunity to propose alternative approaches and raise concerns throughout the process, resulting in better Reliability Standards and more robust development records to support approval. Additionally, the regulatory approval processes for Reliability Standards tend to resolve more quickly than for other types of regulations. Few Reliability Standards are challenged after their submission for regulatory approval. The result is that entities have regulatory certainty sooner than they might otherwise, and reliability issues in the end can be addressed more expeditiously.

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[18] *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006), *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009); Federal Power Act § 215 (codified at 16 U.S.C. § 824o).

[19] *Id.*

As a means of satisfying the statutory requirements, NERC has historically maintained a standard development process modeled on the criteria for accreditation by ANSI.[20] From its initial accreditation as the ERO until November 2023, NERC's Rules of Procedure also required NERC to maintain its status as an ANSI-accredited standards developer.[21]

In Order No. 672 establishing rules for the certification of the ERO, FERC held that while an ANSI-compliant process would be an acceptable approach for satisfying the statutory requirement for an open and inclusive process, FERC would not require it. FERC stated:

> Although we are not requiring that the ERO adopt an ANSI-certified approach to meet all of the requirements of section 39.3, we find that ANSI-accreditation is one reasonable means of doing so. We agree… that a process like the ANSI-certified process would ensure openness and balance the interests of stakeholders. However, we are concerned about the time it may take to develop a Reliability Standard under the ANSI-certified process.[22]

FERC contemplated that an alternative standards development framework could satisfy the statutory criteria, so long as the chosen method provides for fair representation of all views. FERC stated:

> Regardless of the method proposed by an ERO candidate to ensure due process, openness, and balance of interests in developing a Reliability Standard and otherwise exercising its duties, the ERO application must describe how the ERO applicant would provide for fair representation of all views in its process for developing a proposed Reliability Standard.[23]

To allow additional procedural flexibilities and to better reflect NERC's status as a mandatory (compared to a voluntary) standards developer, the SPSEG recommended NERC discontinue the requirement to maintain ANSI accreditation.[24] FERC approved this change in 2023, and NERC discontinued its ANSI accreditation shortly thereafter. However, NERC's standard development process continues to retain the key elements of an ANSI-compliant process as it applies to most standards projects.

Reliability Standards Development

NERC develops Reliability Standards in accordance with its Rules of Procedure. The NERC *Standard Processes Manual*, Appendix 3A to the NERC Rules of Procedure, provides the policies and procedures NERC uses to develop, approve, revise, reaffirm, and withdraw Reliability Standards, interpretations, defined terms, and compliance elements.[25] The *Standard Processes Manual* also describes the roles of the Standards Committee, drafting teams, and the ballot body during the standard development process.

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[20] ANSI is the only accreditor of U.S. standards developers. According to ANSI, accreditation signifies that the standards developer is committed to an open, fair, and time-tested consensus process that benefits stakeholders.

[21] NERC Rules of Procedure, former Section 316 ("NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.").

[22] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104 (2006) at P 269.

[23] *Id.* at P 270.

[24] For additional discussion, *see* SPSEG Memo to the NERC Board of Trustees, Recommended Enhancements to the NERC Reliability Standards Development Process and Considerations for Future Work (Oct. 10, 2022) at Recommendation 1, available at https://www.nerc.com/pa/Stand/Standards%20Process%20Stakeholder%20Engagement%20Group%20202/Recommendations_Memo_of_SPSEG_for_Board_of_Trustees_10072022.pdf.

[25] NERC Rules of Procedure, Appendix 3A. The current version of the *Standard Processes Manual* is version 5, and it became effective in November 2023.

The *Standard Processes Manual* provides for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing proposed Reliability Standards, consistent with Section 215 of the U.S. Federal Power Act and FERC regulations.[26] In accordance with the *Standard Processes Manual*, NERC Reliability Standards must be approved by the ballot pool, which consists of members of the NERC Registered Ballot Body, prior to being submitted to the NERC Board for adoption and to the applicable governmental authorities for approval. The Registered Ballot Body consists of 10 segments representing the different interests in the modern electric power industry, including end users. The segments are defined in Appendix 3D to the NERC Rules of Procedure*, Registered Ballot Body Criteria*.[27] The Registered Ballot Body is designed to provide for balanced representation in which no two interest categories, individuals or organizations, shall dominate and no single interest category, individual, or organization is able to defeat a matter.

As noted above, NERC continues to maintain a standard development process that is generally consistent with the procedural elements ANSI requires for accredited standards developers. These elements include public comment periods for proposed standards projects, stakeholder voting on proposed standards, and rules about ballot bodies.[28] These elements also include Registered Ballot Body segments that generally track the ANSI interest categories (producer, user, general interest) as they are reflected in the modern BPS. Other aspects of NERC's process, including the waiver provisions and the special process for standards addressing directives in Sections 321 and 322 of the NERC Rules of Procedure, are not consistent with ANSI requirements for voluntary standards developers but are necessary for NERC to meet its statutory obligations as the ERO.

Under NERC's *Standard Processes Manual*, the NERC Standards Committee oversees the standard development processes. The Standards Committee is a procedural oversight committee that provides for balanced segment representation as described above. Appendix 3B to the NERC Rules of Procedure, *Procedure for Election of Members of the Standards Committee*, governs the election of members of this stakeholder committee.

Following approval by the ballot pool and adoption by the NERC Board, NERC submits Reliability Standards to the applicable governmental authorities in the United States and Canada for approval. Processes for approving NERC Reliability Standards vary by jurisdiction. In the United States, the public may submit comments to FERC regarding the proposed standard or its development. A Reliability Standard may not become mandatory and effective upon users, owners, and operators of the BPS in a jurisdiction until the applicable governmental authority has approved it or it has otherwise become effective pursuant to local law or regulation.

NERC or its stakeholders may identify the need to revise NERC's rules and processes regarding standards development. Any proposed revision to the NERC Rules of Procedure must be posted for public comment. Any proposed revision to the *Standard Processes Manual* must also achieve a two-third approval vote of the ballot body. The NERC Board and FERC must approve any revisions to NERC's Rules of Procedure before those changes may become effective.

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[26] 16 U.S.C. § 824o(c)(2)(d) (providing that the ERO must have established rules that "provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties"). *See also* Order No. 672, *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, 114 FERC ¶ 61,104 (2006) at P 258 ("Any proposed Reliability Standard development process must ensure that any Reliability Standard is technically sound and the technical specifications proposed would achieve a valuable reliability goal. The process must also: (1) be open and fair; (2) appropriately balance the interests of stakeholders; (3) include steps to evaluate the effect of the proposed Reliability Standard on competition; (4) meet the requirements of due process; and (5) not unnecessarily delay development of the proposed Reliability Standard."), *order on reh'g*, Order No. 672-A, 114 FERC ¶ 61,328 (2006).

[27] https://www.nerc.com/AboutNERC/RulesOfProcedure/ROP%20App%203D%20eff%2020220825%20clean.pdf

[28] NERC retained the ANSI requirement that draft standards be posted for a 45-day initial public comment period, although the currently effective *Standard Processes Manual* now allows shorter comment periods for subsequent postings. Additionally, NERC has retained the ANSI requirement to conduct a final ballot, although this step may be waived in a limited number of cases where there is a high degree of consensus for the draft standard as written.