



# **Regional Reliability Standards Evaluation Procedure**

**Version 2.1**

**March 19, 2012**

Version 2.0 of the Regional Reliability Standards Evaluation Procedure is the revised version of the procedure for evaluating regional reliability standards which have been submitted to the North American Electric Reliability Corporation (NERC) for approval, revision, or withdrawal by a Regional Entity.

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### Introduction

#### Purpose

This procedure addresses both NERC's and the Regional Entities responsibilities during the development process, approval by the NERC Board of Trustees and approval by FERC in the United States and applicable authorities in Canada and Mexico before regional reliability standards becoming mandatory and enforceable.

This procedure outlines NERC's responsibilities of (a) interaction with Regional Entities during the regional reliability standard development process and (b) evaluation of regional reliability standards that have been developed through a North American Electric Reliability Corporation (NERC) approved regional reliability standards development procedure and submitted to NERC by a Regional Entity for approval.

This document also provides the Regional Entities responsibilities to (a) notify NERC of a potential regional reliability standard (b) provide required documentation for the quality review, NERC BOT approval, and governmental authorities filings and (c) prepare the FERC Filing in conjunction with NERC Legal.

Once a regional reliability standard has been approved by the NERC Board it becomes an ERO Standard. After approval in each of the applicable authorities jurisdictions, the regional reliability standard becomes enforceable in that jurisdiction. With FERC the regional reliability standard shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the applicable Regional Entity's region, regardless of membership in the region.

A regional reliability standard shall be more stringent than a continent-wide reliability standard, shall cover matters not covered by a continent-wide reliability standard, or shall be necessitated by a physical difference in the bulk power system.

#### Background

NERC is a nonprofit corporation. NERC was certified by the Federal Energy Regulatory Commission (FERC) as the Electric Reliability Organization (ERO) on July 20, 2006. NERC's predecessor organization, the North American Electric Reliability Council, was formed in 1968 as a result of the Northeast blackout in 1965 to promote the reliability of the bulk power system of North America. NERC works with all stakeholder segments of the electric industry, including Regional Entities, to develop standards and enforce compliance with those standards to ensure the reliable planning and operation of the bulk power system.

While NERC reliability standards are intended to promote reliability, they must at the same time not preclude competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability.

## **Principles**

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### **Need for Guiding Principles**

The NERC Board of Trustees has adopted reliability principles and market interface principles to define the purpose, scope, and nature of reliability standards. As these principles are fundamental to reliability and the market interface, these principles provide framework guiding the development of reliability standards. The Board of Trustees may modify these principles from time to time, as necessary, to adapt its vision for reliability standards.

The regional reliability standards development procedures for each of the regional entities shall recognize these reliability and market interface principles as regional standards are developed.

### **Reliability Principles**

NERC reliability standards are based on certain reliability principles that define the foundation of reliability for North American bulk power system. Each regional reliability standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of reliability of the North American bulk power system. Each regional reliability standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

### **Market Principles**

Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with market interface principles. Consideration of market interface principles is intended to ensure that reliability standards are written such that they achieve their reliability objective without causing undue restrictions or unnecessary adverse impacts on competitive electricity markets.

## Elements of a Reliability Standard

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### Definition of a Reliability Standard

A reliability standard defines certain obligations or requirements of entities that own, operate, plan, and use the bulk power system of North America. The obligations or requirements must be material to reliability and measurable. A reliability standard is defined as follows:

“Reliability standard” means a requirement to provide for reliable operation of the bulk-power system, including without limiting the foregoing, requirements for the operation of existing bulk-power system facilities, including cyber security protection, and including the design of planned additions or modifications to such facilities to the extent necessary for reliable operation of the bulk-power system; but shall not include any requirement to enlarge bulk-power system facilities or to construct new transmission capacity or generation capacity<sup>1</sup>.

A Regional Entity may develop, through its own FERC-approved regional reliability standard development procedure, regional reliability standards that are more stringent, more specific, augment, or implement NERC reliability standards, or that cover matters not addressed in NERC reliability standards.

### Characteristics and Elements of a Regional Reliability Standard

To ensure as much uniformity as possible between regional and continent-wide reliability standards across the interconnected bulk power system of the North American continent, the characteristics and elements of regional reliability standards must not be inconsistent with the characteristics and elements of continent-wide reliability standards as described in NERC's Reliability Standards Development Procedure.

Please reference the Standard Processes Manual (SPM) on the Standards page of the NERC site for additional information on elements of reliability standards.

## **Roles in the Evaluation of Regional Reliability Standards**

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### **Approval, Revision, or Withdrawal of a Regional Reliability Standard**

Only Regional Entities shall be permitted to submit a regional reliability standard to NERC for approval, revision, or withdrawal.

### **Roles in the Evaluation of a Regional Reliability Standard**

**Board of Trustees** — The NERC Board of Trustees shall consider for adoption as reliability standards the regional reliability standards that have been approved by the applicable Regional Entity's Board of Directors. Once the NERC Board of Trustees adopts a regional reliability standard as a reliability standard, NERC will file the standard with the applicable regulatory authorities to propose the standard be made mandatory and enforceable.

**NERC Committees, Subcommittees, Working Groups, and Task Forces** — The committees, subcommittees, working groups, and task forces within NERC shall advise NERC as to the technical aspects of a proposed regional reliability standard. (Note: The Regional Entity requesting action on a specific regional reliability standard shall be permitted to present to the applicable NERC groups the technical aspects of the regional standard and the justification for the Regional Entity's request for such action.)

**Manager of Regional Standards** — NERC's Manager of Regional Standards is responsible for oversight of the NERC regional reliability standards evaluation process and NERC's staff shall be administering the process by. The Manager of Regional Standards is responsible for ensuring that the development and revision of regional reliability standards is in accordance with the NERC's Electric Reliability Organization Rules of Procedure, Section 300. The Manager of Regional Standards works to ensure the integrity of the process and completeness of the regional reliability standards. The Manager of Regional Standards is responsible for coordination of Section 300 revisions with regional procedures.

**NERC and Regional Entity Members** — The members of NERC and the Regional Entities may initiate new or revised regional reliability standards and may comment on proposed standards as delineated in their respective regional reliability standards development procedures or processes.

**Regional Entity** — A Regional Entity is responsible for submitting a proposed regional reliability standard to NERC for approval, revision, or withdrawal. The Regional Entity is responsible for responding to comments and for requesting that a proposed regional reliability standard be forwarded to the NERC Board of Trustees for adoption.

**Standards Development Advisor** – The Standards Development Advisor is a member of NERC staff who works closely with their assigned Regional Entity Standard Drafting Team throughout the development of a regional reliability standard. The Standard Development Advisor attends drafting team meetings, performs informal quality reviews, facilitates the formal quality review, provides the formal quality review feedback, facilitates the NERC comment period and obtains technical advice from the NERC staff when needed.

## **Regional Reliability Standards Evaluation Procedure**

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### **Overview**

This regional reliability standards evaluation procedure is dictated by NERC's Electric Reliability Organization Rules of Procedure, Section 300.

### **Regional Entity notifies NERC**

The Regional Entity's notification and submission of a regional SAR to NERC is the first step in the process for NERC evaluation of a regional reliability standard. The Regional Entity is requested to send the SAR to the Manager of Regional Standards at regionalstandards@nerc.net.

The purpose for the Regional Entity to provide the regional SAR to NERC prior to its approval by the Region is to allow NERC time to review the SAR in conjunction with the continent-wide standards current and pending projects. There may be instances where a variance could be added to a continent-wide standard or where a continent-wide standard is on the horizon for the same standard as the submitted regional SAR.

### **NERC Review**

NERC will review the regional SAR and provide a response to the region within 15 days. The response will inform the Regional Entity of the results of the review of the SAR against continent-wide standards and current and pending NERC projects.

### **Approved SAR**

Once the SAR is approved by the Regional Entity using its Regional Reliability Standard Development Process, the Regional Entity will provide the approved SAR to the NERC Standard Development Advisor assigned to the project.

NERC will post the SAR to the Regional Reliability Standards Under Development page as a notification to the stakeholders of the Regional Entities intent to develop a regional standard to address a reliability matter.

### **NERC Roles and Responsibilities**

NERC will follow the development of the new, revised, or withdrawn regional reliability standard. A regional NERC Standards Development Advisor will be assigned to the project.

In order to stay involved in the development process, NERC requests that the Regional Entity include the Standard Development Advisor assigned to the project on the standard drafting team email distribution list.

NERC shall perform informal quality reviews during the development of the regional standard and will provide the results to the Regional Entity. The Regional Entity can request an informal

quality review at any time. NERC will usually provide feedback from the informal quality review within 10 days of a request.

During the development process, NERC shall evaluate whether a proposed regional reliability standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and attempted to resolve all stakeholder objections. NERC staff may ask one of the NERC Committees, Subcommittees, Working Groups, or Task Forces to comment as to the technical aspects of the submitted request. The NERC Standard Development Advisor shall coordinate this work so that comments from NERC and related groups are submitted during regional comment periods in accordance with the region's standard development process.

### **Conduct Quality Review**

Any quality review should be performed prior to posting the regional standard for regional ballot (and prior to the first 45-day comment period posted by NERC). The Regional Entity may conduct a quality review, or it may request a NERC quality review prior to requesting the first 45 day comment period by NERC.

Any NERC quality review of the "final draft" of the standard, implementation plan, VRFs and VSLs will assess whether the documents are within the scope of the SAR, whether the standard is clear and enforceable as written, and whether the standard meets the criteria specified in NERC's Benchmarks for Excellent Standards and criteria for governmental approval of standards, VRFs and VSLs. This review shall be completed within 30 days of receipt of the final version of the documents from the Regional Entity. The detailed results of this review shall be provided to the Regional Entity for their consideration.

The quality review preferably would be performed prior to the regional standard being submitted for regional ballot and submission to the Regional Entity's Board of Directors for review and approval.

In order for NERC to conduct to the quality review the following, but not limited to, should be submitted :

- Approved SAR
- Regional Standard
- Justification for VRFs and VSLs
- Implementation Plan
- Technical Justification
- Mapping Document – Optional (Required if developing a new version of an approved standard)
- Issues Table – Optional (Required for resolution for FERC/Stakeholder issues)

## **Technical Review**

The Regional Entity may also request an informal technical review at any time. The Standards Development Advisor handling the project will request that a NERC internal technical expert review the regional standard. The SME will provide questions, concerns, and recommendations. The SME may attend drafting teams meetings. NERC shall submit its technical comments, if any, on a proposed regional standard during a regularly posted comment period in accordance with regional procedures at the same time as other entities submitting comments, and the Regional Entity will not give undue weight to such comments submitted by NERC.

## **Regional Variances**

The same quality review procedure will be followed for regional variances.

Please reference the Standard Processes Manual on the Standards page of the NERC site and the most current version of the NERC Rules of Procedure for information on regional variances.

## **Expediting a Regional Reliability Standard**

If the Regional Entity is expediting the regional reliability standard following their regional standards development process, the quality review may be performed in parallel with the regional comment period.

## **Notification of Regional Entity Post for Comment (Optional)**

The Regional Entity may request NERC to send an announcement notifying industry that the regional standard or variance has been posted on the Regional Entity's site for comment. This would allow the Regional Entity to obtain comments from outside its regional footprint on the technical merits of its regional standard or variance.

## **Conduct Formal NERC Comment Period(s)**

Proposed new or revised regional standards will require a minimum of one 45-day public comment period where the new or modified standard, its associated VRFs and VSLs, and implementation plan or the proposal to retire a standard and its associated VRFs and VSLs and implementation plan are posted by NERC for continent-wide review. This NERC comment period may be conducted after the region process is completed, or concurrently with the "final" region comment and ballot periods.

The intent of the public comment period is to solicit specific feedback on the final draft of the regional standard, VRFs and VSLs, and implementation plan.

Below are the questions asked of stakeholders during the NERC comment period on a Regional Reliability Standard:

1. Do you agree the proposed standard is being developed using the associated Regional Reliability Standards Development Procedure?

2. Does the proposed standard pose a significant adverse impact on reliability or commerce of the interconnection and neighboring regions?
3. Does the proposed standard pose a serious and substantial threat to public health, safety, welfare, or national security?
4. Does the proposed standard create a serious and substantial burden on competitive markets within the interconnection and neighboring regions that is not necessary for reliability?
5. Does the proposed regional reliability standard meet at least one of the following criteria?
  - a. The proposed standard has more specific criteria for the same requirements covered in a continent-wide standard.
  - b. The proposed standard has requirements that are not included in the corresponding continent-wide reliability standard.
  - c. The proposed regional difference is necessitated by a physical difference in the bulk power system.

Since the need for the regional reliability standards was established at the regional level, comments at this stage in the evaluation of a regional reliability standard will be permitted only on whether the proposed regional reliability standard meets the criteria listed above. The comments may include recommendations to accept or reject the standard and reasons for that recommendation.

### **Documents required for NERC Comment Period:**

- Regional Standard
- Implementation Plan

The first 45-day public comment period by NERC may be concurrent with the final public comment period in the Regional Entity's regional standard develop process, as long as the formal quality review has been completed. The NERC comment period may also be conducted after final region approval of a regional standard or variance.

Once NERC has verified that the Regional Entity has submitted a complete request for approval, revision, or withdrawal of a regional reliability standard, NERC will set the posting start and end dates for the purpose of soliciting public comments. The posting of the proposed regional reliability standard will be linked to the Regional Entity's standards development documentation for reference.

Comments will be accepted online using an internet-based application along with other electronic means as necessary. Comments on the proposed regional reliability standard will be accepted for at least one 45-day period from the notice of posting.

### **Consideration of the Comments**

NERC will assemble the comments on the proposed regional reliability standard and supply the assembled comments to the Regional Entity. NERC will provide the assembled comments to the Regional Entity within ten days of the end of the public comment period.

The Regional Entity (generally including the regional Standard Drafting Team) shall give prompt consideration to the assembled comments in an effort to resolve all expressed objections. The Regional Entity shall provide to NERC a response to every comment contained in the assembled comments and identify any refinements made to the proposed regional reliability standard that were made in response to the comments received. The Regional Entity will summarize comments that were rejected by the Regional Entity and identify the reason(s) that the comments were rejected, in part or whole. The Regional Entity will supply the reply comments to NERC electronically within 60 days of receiving the assembled comments. The Regional Entity's reply comments will be posted on NERC's website within 14 days of receipt by NERC.

Based on comments received, the Regional Entity may determine there is an opportunity to improve the standard. In this case, the Regional Entity may revise the proposed standard and, if appropriate, request another posting. Although there is no predetermined limit on the number of times a proposed regional reliability standard may be revised and posted, the Regional Entity should ensure the potential benefits of another posting outweigh the burden on the Regional Entity and stakeholders.

### **Prior to NERC Board of Trustees Review**

The Manager of Regional Standards, in conjunction with the Regional Entity standards staff, will be responsible for preparing the Regional Standard and supporting information for presentation to the NERC Board of Trustees for review and approval. The Regional Entity shall provide any additional documentation and information needed for submittal to the NERC Board of Trustees, as requested by NERC staff. The documentation must be received at least 60 days prior to the NERC Board of Trustees meeting. NERC staff shall review the documentation for completeness, and shall prepare a recommendation to present to the NERC Board.

### **NERC Board of Trustees Review**

From a NERC Regional Standards perspective, a regional reliability standard is ready to be proposed to the NERC Board of Trustees after (a) a quality review has been performed and reviewed by the Regional Entity, (b) at least one 45-day comment period has been held at the NERC level, and (c) the regional reliability standard has been approved by the Regional Entity's Board of Directors.

At a regular or special meeting, the Board of Trustees shall consider adoption of the proposed regional reliability standard. The Board of Trustees shall consider the Regional Entity's request, NERC staff's recommendation for action on the regional reliability standard, any stakeholder comments, and the Regional Entity's consideration of comments in determining whether to adopt the regional reliability standard as a NERC reliability standard. The Board of Trustees shall adopt or reject a proposed regional reliability standard, but may not modify a proposed regional reliability standard. If the Board of Trustees chooses not to adopt a regional reliability standard, it shall provide its reasons for not doing so.

## **Implementation of Regional Reliability Standard**

The effective date of a regional reliability standard will be proposed in the standard implementation plan; however, the actual effective date(s) will be contingent on obtaining the applicable regulatory approvals in those areas where the standard will be enforced.

## **Governmental Approvals**

Once the Board of Trustees has adopted a regional reliability standard or the revision or retirement of a regional reliability standard, the Board of Trustees will direct the standard to be filed with applicable governmental authorities in the United States, Canada, and Mexico for approval.

All approved documents shall be filed for approval with the applicable governmental authorities.

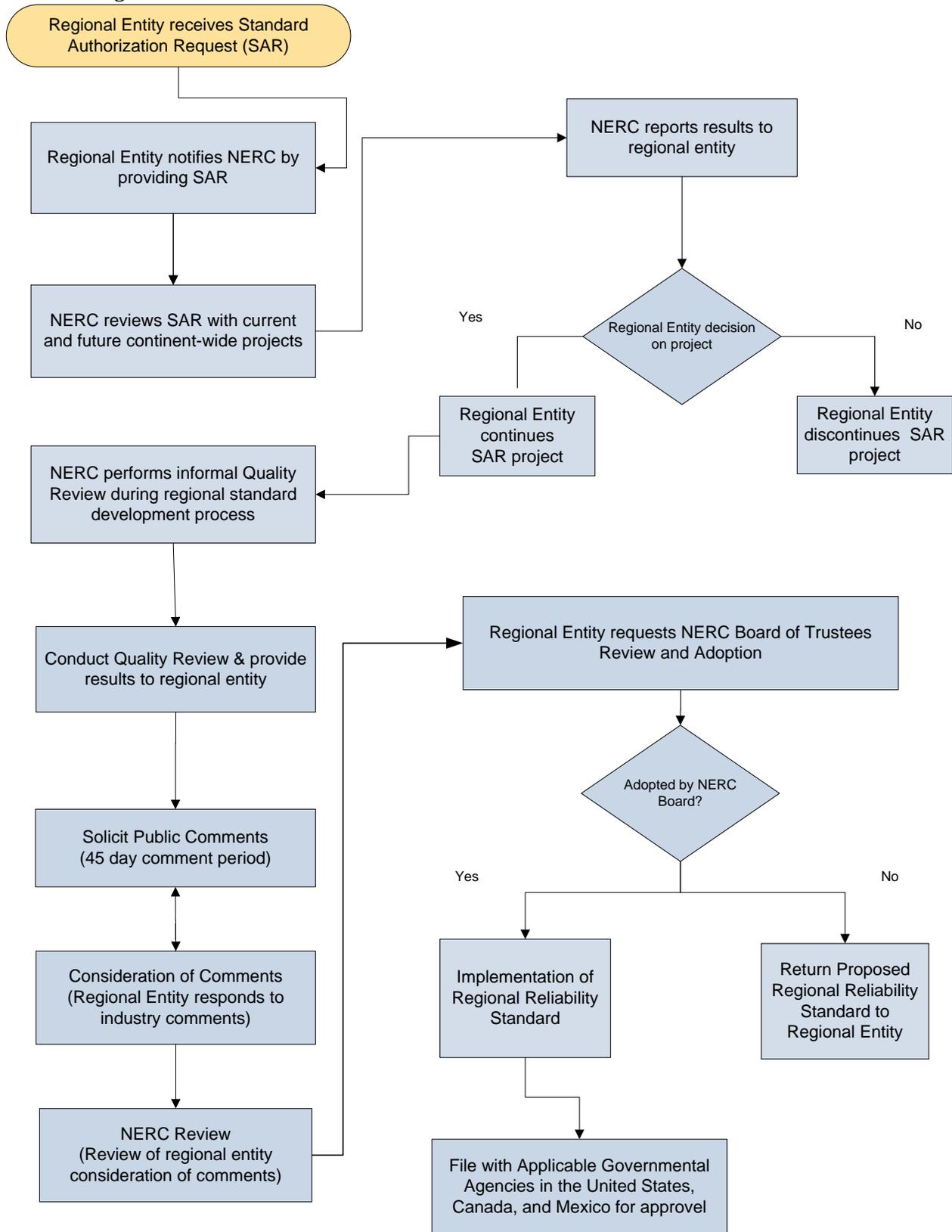
## **Petition Filing**

The preparation for the petition filing involves a coordinated effort between many parties. NERC Legal Staff will prepare the shell petition. The Regional Entity will fill in the information required in the shell petition and produce the necessary attachments. The Regional Standards Staff will coordinate the process and assemble the document for final legal review. Generally, regulatory authorities will approve regional reliability standards that are either (1) more stringent than the continent-wide Reliability Standard, including a standard that addresses matters that the continent-wide Reliability Standard does not; or (2) regional reliability standards that are necessitated by a physical difference in the bulk power system. The petition must demonstrate how the regional reliability standard meets the regulatory and legal requirements for approval of a standard. Specifically, the petition must state the reliability need for the regional reliability standard, how the standard satisfies that need, and how the standard addresses any outstanding regulatory directives. If the standard is a revision to an existing standard the Regional Entity must explain how the new version of the standard improves upon the previous version of the standard. NERC will provide the petition “shell” for the Regional Entity’s staff to use as a guide to complete the petition by. NERC legal staff will work with the Regional Entity’s staff to ensure that the filing document is complete.

## **Regional Reliability Standard Approved**

Once a regional reliability standard is approved by FERC within the United States, all bulk power system owners, operators, and users within the purview of FERC and NERC are required to comply with the standard in accordance with applicable statutes, regulations and agreements. Entities within the purview of other governmental agencies are required to comply once those governmental authorities approve the regional reliability standard. The NERC staff will notify the Regional Entity of the regulatory decision. If accepted for filing, the regional reliability standard will be forwarded to the regional/NERC compliance programs within 10 business days for entrance into the ERO’s compliance monitoring and enforcement program in accordance with the schedule included in the standard’s associated implementation plan.

*ProcessDiagram*



## **Special Procedures**

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### **Urgent Actions**

Under certain conditions, the Regional Entity may designate a proposed regional reliability standard or revision to a regional reliability standard as requiring urgent action. Urgent action may be appropriate when a delay in implementing a proposed regional reliability standard or revision can materially impact reliability of the bulk power system. The Regional Entity must use its judgment carefully to ensure an urgent action is truly necessary and not simply an expedient way to change or implement a standard.

The Regional Entity will submit a request for approval, revision, or withdrawal of a regional reliability standard to NERC's regional standards staff. The request must include a justification for urgent action. If the Regional Entity designates the request as an urgent action item, then NERC will post the request for public comment. This posting requires a minimum 30-day posting period instead of the standard 45 days. NERC and the Regional Entity will use reasonable efforts to expedite the process, with the goal of completing the NERC regional reliability standards evaluation process in 60 days or less, including obtaining Board of Trustees approval. The petition(s) seeking approval from applicable regulatory agencies will be filed within 45 days after Board approval.

### **Appeals**

The appeals process is outlined in the Standard Processes Manual on the Standards page of the NERC site.

## Maintenance of Regional Reliability Standards Evaluation Procedure

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### Requests to Revise the Regional Reliability Standards Evaluation Procedure

Any person or entity may submit a written request to modify the Regional Reliability Standards Evaluation Procedure. NERC shall oversee the handling of the request. NERC shall prioritize all requests, merge related requests, and respond to each requestor within 90 days.

### On-line Standards Information System

NERC shall be responsible for maintaining an electronic database of information regarding currently proposed and currently in effect regional reliability standards. This information shall include current regional reliability standards in effect, proposed revisions to regional reliability standards, and proposed new regional reliability standards. This information shall provide a record, for at a minimum the previous five years, of the review and approval process for each regional reliability standard, including public comments received and the associated responses during the approval process. This information shall be available through public internet access.

### Archived Standards Information

NERC shall be responsible for maintaining a historical record of regional reliability standards information that is no longer maintained on-line. For example, regional reliability standards that expired or were replaced may be removed from the on-line system. Archived information shall be retained indefinitely as practical, but in no case less than five years or one complete standard cycle from the date on which the standard was no longer in effect. Archived records of regional reliability standards information shall be available electronically within 30 days following the receipt by NERC of a request from a Regional Entity.

### Version History

<u>Version</u>	<u>Date</u>	<u>Action</u>	<u>Change Tracking</u>
0	December 19, 2011	Approved by RSG	New
2.1	March 19, 2012	Changed email address - p9 Added version history - p17	Minor revision and addition