

Standards Efficiency Review Report and Transition Plan

May 3, 2021

Executive Summary

The Standards Efficiency Review (SER) is a multi-phase project that began in 2017 based on input from the NERC Member Representatives Committee (MRC) and a focus area for the ERO Enterprise Long Term Strategy to capture effectiveness, efficiency, and continuous improvement opportunities¹. To date, a portion of Phase 1 is complete, resulting in FERC approval of the retirement of 18 standard requirements, while the other retirement recommendations are pending. The additional phases of the SER project include recommended Rules of Procedure (ROP) and enhancements to various standards development resources. These recommendations are pending implementation as described below.

Background

There were efficiency and process improvement efforts predating the SER, including the Standards Process Input Group (SPIG, 2012) and Project 2013-02 Paragraph 81.

Between February and May 2012, the SPIG organized by the NERC MRC developed and made five recommendations, which were endorsed by the NERC Board of Trustees on May 9, 2012². These recommendations sought to refine the way NERC develops Reliability Standards and other solutions intended to improve the priority, product and process of standards development. The recommendations focused on four areas: clarity on the reliability objectives, technical parameters, scope, and the relative priority of the standards project; the drafting process (developing the specific technical content of the standard); standards project management and workflow; formal balloting and commenting.

In a March 2012 FERC Order, the Commission accepted, with conditions, NERC's "Find, Fix, Track and Report" ("FFT") initiative. The FFT process, inter alia, provides NERC and the Regional Entities the flexibility to address lower-risk possible violations through an FFT informational filing as opposed to issuing and filing a Notice of Penalty. In addition, the Commission raised the prospect of revising or removing requirements of Reliability Standards that "provide little protection for Bulk-Power System reliability or may be redundant." (North American Electric Reliability Corporation, 138 FERC ¶ 61,193 at p 81 March 15, 2012) This initial opportunity was commonly referred to as "Paragraph 81", or "P81."

In response, NERC initiated Project 2013-02 Paragraph 81³ (P81). The purpose of the project was to retire or modify FERC-approved Reliability Standard requirements that as FERC noted, provide little protection to the reliable operation of the Bulk Electric System (BES), are redundant or unnecessary, or to retire or

¹ https://www.nerc.com/AboutNERC/StrategicDocuments/ERO_Performance_2021_Objectives_Board_Approved_November_5_2020.pdf

² <https://www.nerc.com/gov/bot/MRC/RelatedFiles>

2013/StandardProcessInputGroupMay92012FINAL.pdf#search=Standard%20Process%20input%20Group

³ https://www.nerc.com/pa/Stand/Pages/Project2013-02_Paragraph_81.aspx

modify a FERC-approved Reliability Standard requirement to increase the efficiency of the ERO's compliance programs. Specifically, to identify Reliability Standards requirements that either: (a) provide little protection to the BPS, (b) are unnecessary, or (c) are redundant. Additionally, this project was confined to a review of the Operations and Planning Standards, not Critical Infrastructure Protection (CIP) Standards.

On February 28, 2013, NERC filed a petition⁴ with FERC to approve the retirement of 34 requirements within 19 Reliability Standards that were redundant or otherwise unnecessary, and where violations of these requirements (currently included in Reliability Standards) pose a lesser risk to the reliability of the Bulk-Power System and to have them removed from the FERC-approved list of Reliability Standards. The P81 project was successful in eliminating Reliability Standards requirements that were unnecessary or redundant.

During a March 2017 NERC MRC meeting, the suggestion was made that NERC should review the existing set of reliability standards for further efficiencies, which would be similar to the prior P81 review for potential further retirements of requirements that provide little or no value to reliability. The project scope later expanded to include the identification of proposals to improve the efficiency and quality of standards, development processes, periodic reviews, and obviate the need to continually review the standards going forward. The project was entitled Standards Efficiency Review.

SER Project Scope

A SER Advisory Group was established with broad sector representation to guide the work of the project. The Advisory Group developed the initial SER project scope, which was to “evaluate NERC Reliability Standards using a risk-based approach to identify potential efficiencies through retirement or modification of Reliability Standard requirements.” Considering that many Reliability Standards have been mandatory and enforceable for 10+ years in North America, this project sought to identify potential candidate requirements that are not essential for reliability, could be simplified or consolidated, and could thereby reduce regulatory obligations or compliance burden.

For the purposes of the SER project, the term efficiency means the reduction of unnecessary administrative activities, regulatory obligations, and compliance burdens, in order to focus industry resources on mitigating reliability and security risks necessary for maintaining the reliable operation of the BES.

SER Phase 1

In December 2017, SER Phase 1 began by gathering input from industry stakeholders on potential retirements and modifications of Operations and Planning requirements. Industry input was combined into a single document and assignments delegated to three working teams of 50 stakeholders organized by the compliance time horizon including Long Term Planning, Operations Planning, and Real-time Operations. These Phase 1 working teams were collectively tasked with analyzing the industry input and identifying unconditional retirements and consolidations or modifications. In July 2018 the Phase 1

⁴ https://www.nerc.com/files/FINAL_Petition_Approval_Para_81_complete.pdf

working teams mutually drafted and submitted a Standards Authorization Request (SAR) to NERC staff proposing approximately 114 requirements for retirement. On August 22, 2018, the NERC Standards Committee (SC) accepted the SAR and Project 2018-03 Standards Drafting Team (SDT) began to revise the applicable standards. After further analysis with NERC and FERC staff, the SDT reduced the number of proposed retirements by approximately 30 requirements. The reasoning for these adjustments are outlined as technical justifications for Project 2018-03 SER Retirements.⁵ In April 2019, industry voted in positive support of the proposed standard revisions. On June 7, 2019, NERC submitted a petition, FERC Docket Number RM19-17-000, for the approval of approximately 77 requirement retirements in the INT, FAC, PRC, and MOD Reliability Standards families, as developed by Project 2018-03 SER Retirements. In Order No. 873 issued September 17, 2020, FERC approved the retirement of 18 Reliability Standard requirements. While FERC declined to take action on certain proposed retirements in Order No. 873, FERC noted that it will determine an appropriate action regarding the retirement of 56 requirements in the MOD A Reliability Standards at a later time. Specifically, FERC indicated that, if approved, the Commission intends to coordinate the effective dates for the retirement of the MOD A Reliability Standards with successor North American Energy Standards Board (NAESB) business practice standards. The retirement of 74 of approximately 434 requirements as of April 2021 would represent a 17% reduction of currently mandatory and enforceable requirements. The Commission also proposed to remand one requirement submitted for retirement by NERC and seeks additional information from NERC on two requirements submitted for retirement. As of April 7, 2021, the disposition of the three remaining requirements remains in process.

The recommendations for consolidation and/or modification identified by the Phase 1 working teams were memorialized in a documented list on the SER project website for use in future projects to modify or review the applicable standards⁶.

SER Phase 2

As part of Phase 1 discussions, numerous additional efficiency opportunities were identified as an alternative to outright retirement of requirements. These opportunities and concepts evolved, and an additional phase of the SER project was launched with members of the original Phase 1 working teams. The purpose of SER Phase 2 was to identify standards-based solutions applicable to all Reliability Standards in lieu of further unconditional retirements. The Phase 2 team developed and presented the six efficiency concepts listed below to industry in February 2019 and solicited their feedback. Based on industry feedback, the SER Phase 2 Working Team prioritized the four underlined concepts to pursue.

- Concept 1: Evidence Retention Overhaul
- Concept 2: Consolidate Information/Data Exchange Requirements
- Concept 3: Move Requirements to Guidance
- Concept 4: Prototype Standard

⁵https://www.nerc.com/pa/Stand/Project%20201803%20Standards%20Efficiency%20Review%20Require/2018_03_Technical_Rationale_Clean_04232019.pdf

⁶ <https://www.nerc.com/pa/Stand/Pages/Standards-Efficiency-Review.aspx>

- Concept 5: Consolidate & Simplify Training Requirements
- Concept 6: Relocate Competency-based Requirements to Certification Program/CMEP Controls Review process

The top four priorities were all addressed by the SER working team or NERC staff as follows.

1. Evidence Retention Overhaul

The purpose of this concept was to standardize retention schemes to create consistency and simplify administrative burdens associated with excessive retention periods. The Phase 2 sub-team that worked on this concept leveraged the *2014 Data Retention White Paper* developed by NERC staff and members of the Compliance and Certification Committee (CCC) during the Reliability Assurance Initiative. They discovered over 50 different evidence retention schemes and excessive obligations to keep evidence still remain despite recommendations from the 2014 effort. Therefore, the Phase 2 sub-team studied the current state of data/evidence retention responsibilities and documented their findings in the SER Evidence Retention White Paper, which was endorsed by the SC in their December 18, 2019 meeting along with the recommendations below.⁷

Task Description	Responsibility	Status
1. Consider ROP changes for evidence retention to minimize administrative burden.	NERC Staff	In progress
2. Retire Compliance Bulletin #2011-001 Data Retention requirements, once ROP changes are in effect or publish CMEP guidance to supersede the bulletin.	ERO Enterprise Staff and CCC	Pending ROP Changes
3. Concurrent to ROP changes update SDTs references and notify active SDTs, with the minimum options for risk-based data retention schemes, as described above. In addition, the headings within Reliability Standard template should be consistently named “Data and Evidence Retention Period”.	SC	In progress, and pending ROP changes
4. If desired, concurrent with ROP changes, establish a project to revise evidence retention schemes for enforceable Reliability Standards with a standard drafting team, Periodic Review (PR) team, or other mechanism.	SC, CCC, and NERC staff	TBD
5. Ensure changes to CMEP evidence retention processes are made in associated documents and communicated with ERO Enterprise staff, such as NERC Auditor’s Manual, training materials, etc.	NERC Staff	Pending ROP Changes
6. Ensure final recommendations of SER Evidence Retention are circulated with the CCC, SC, and NERC staff, and recommendations are incorporated into respective work plans in 2020.	CCC, SC, NERC staff	In progress

⁷ [SER Evidence Retention Recommendations](#) (SC December 18, 2019, agenda item 9)

2. Consolidate Information/Data Exchange Requirements

The primary purpose of this concept was to enhance and simplify Reliability Standards that facilitate the exchange of information and data necessary to plan and operate the BES (IRO-010, TOP-003 and MOD-032). As written the requirements potentially create unnecessary administrative burdens for the Registered Entity to demonstrate compliance, including excessive data collection and retention. A secondary purpose was to evaluate retirement of other dispersed requirements that become redundant and unnecessary. The Phase 2 sub-team that worked on this concept decided to focus their efforts on the IRO-010 and TOP-003 requirements, since more activity and potential benefit is associated with the exchange of information and data in the operations horizon. The Phase 2 sub-team developed and submitted the SAR in June 2020, which was endorsed by the SC in their meeting on January 20, 2021⁸. The project will proceed in accordance with the Standard Processes Manual with the SAR posted for industry comment after Project 2019-06 Cold Weather concludes, since both involve potential revisions to IRO-010 and TOP-003.

3. Move Requirements to Guidance

The purpose of this concept was to identify and consider moving minimal risk competency-based requirements into a more efficient method including guidance to industry. A secondary purpose was to examine other requirements that may need to remain in their current state but could benefit from additional ERO endorsed guidance to clarify compliance expectations and reduce administrative inefficiencies associated with demonstrating compliance. This concept was not pursued by the Phase 2 team in lieu of the ERO's development of the Framework to Address Known and Emerging Reliability and Security Risks, which was approved by the NERC Board of Trustees (BOT) at its February 4, 2021 meeting⁹. The implementation of the framework is underway as described in the BOT proposal.

4. Prototype Standard

The purpose of this concept was to identify a new tool (template) to assist industry with a consistent approach to developing and maintaining an effective and efficient set of risk focused Reliability Standards. The concept was also intended to encourage flexibility with implementation practices and thus the ability to quickly adapt to emerging threats or changing technology. Based on feedback from the industry survey, the Phase 2 sub-team focused their efforts on ways to revive the 2010 results-based standards initiative by enhancing the existing set of resources. The sub-team developed a set of recommendations that were endorsed by the SC in their December 9, 2020 meeting¹⁰. The Standards Committee Process Subcommittee (SCPS) will review and make recommendations to the SC for revisions to the Reliability Standards template, Drafting Team Reference Manual and training modules to address the recommendations.

- Reliability Standards Template assessment: December 2021
- Drafting Team Reference Manual review: 2021
- Drafting Team training modules review: 2021-2022

⁸ [Operation Data Exchange Simplification SAR](#) (SC January 20, 2021, agenda item 7a)

⁹ [Framework to Address Known and Emerging Reliability and Security Risks](#) (NERC BOT February 4, 2021, agenda item 8b)

¹⁰ [SER Recommendation for Reliability Standards Template and Resources Review](#) (SC December 9, 2020, agenda item 6)

CIP SER

The working team evaluated the set of CIP Standards and identified a list of three recommended retirements and six modifications. The team determined that there was not sufficient justification for retiring requirements that outweighed the reliability and security benefits of the requirements, particularly in light of past FERC directives and the evolving nature of cyber security. Therefore, the working team decided to change their focus and be more strategic. The overall recommendation from the CIP SER working team is for industry to create an initiative to align the CIP Standards with the results-based framework.¹¹ The timing, scope, and participants of a CIP standards alignment initiative will be determined at a later date. The alignment initiative will consider observations made by the SCPS evaluation of standards template or drafting team process changes.

Additional Recommendations

As the SER Advisory Group assessed the accomplishments of the project, a need was identified for one additional assignment for the Phase 2 working team, which was to develop a recommendation to minimize the need for future SER type projects solely dedicated to remove or reduce administrative inefficiencies in the NERC Reliability Standards. The SER Advisory Group recognized that Reliability Standards efficiency should be an ongoing priority. To accomplish this goal, efficiency would need to be engrained into all aspects of standards development.

Recommendation 1:

Post recommended standards modifications from SER Phase 1, Phase 2 and CIP SER on the NERC website for consideration by existing and future SDTs and Periodic Review Teams. Ensure standards developers and SDT leadership are aware of the SER standards specific recommendations that are associated with their standards projects.

Recommendation 2:

The Phase 2 Working Team believes there are opportunities to incorporate the concept of efficiency into additional standards development processes. Therefore, the Phase 2 working team developed the recommendation below, which was endorsed by the SC in their April 21, 2021 meeting.

The SCPS, in coordination with SC and NERC Staff, perform a comprehensive assessment and propose identified enhancements in the standards development and review processes to engrain efficiency principles. The assessment should draw upon lessons from previous efforts including the SER, Industry Experts Review Panel, Paragraph 81 and SPIG. The assessment should include, but not be limited to the following areas of the standards process:

1. Add clarification or question about efficiency within the SAR form and/or associated SAR submission, review, or SAR drafting team processes;
2. Review and revise the Drafting Team Reference Manual and/or Standard Drafting Team Training Modules to include a Standards Efficiency Checklist to use during standards development and Quality Reviews; and

¹¹ <https://www.nerc.com/pa/Stand/Pages/CIP-Standards-Efficiency-Review.aspx>

3. Review and revise the PR Process and/or PR Standing Review Team (Standards Grading) processes (PRSRT) to place more emphasis on efficiency

Recommendation 3:

Continue SC coordination with the CCC and Reliability and Security Technical Committee via the Standing Committee Coordination Group (SCCG), to include sharing the SER Final Report and pertinent observations with SCCG.

Closing

The SER team and Advisory Group appreciates and recognizes the effort put forth by industry participants and NERC staff.