

## SECTION 300 — RELIABILITY STANDARDS DEVELOPMENT

### 301. General

NERC shall develop and maintain Reliability Standards that apply to Bulk Power System owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of Bulk Power System owners, operators, and users; and to hold them accountable for Reliable Operation of the Bulk Power Systems. The Reliability Standards shall be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable standards of governmental authorities.

### 302. Essential Attributes for Technically Excellent Reliability Standards

1. **Applicability** — Each Reliability Standard shall clearly identify the functional classes of entities responsible for complying with the Reliability Standard, with any specific additions or exceptions noted.<sup>1</sup> Each Reliability Standard shall also identify the geographic applicability of the Reliability Standard, such as the entire North American Bulk Power System, an Interconnection, or within a Region. A Reliability Standard may also identify any limitations on the applicability of the Reliability Standard based on electric Facility characteristics.
2. **Reliability Objectives** — Each Reliability Standard shall have a clear statement of purpose that shall describe how the Reliability Standard contributes to the reliability of the Bulk Power System. The following general objectives for the Bulk Power System provide a foundation for determining the specific objective(s) of each Reliability Standard:
  - 2.1 **Reliability Planning and Operating Performance** — Bulk Power Systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.
  - 2.2 **Frequency and Voltage Performance** — The frequency and voltage of Bulk Power Systems shall be controlled within defined limits through the balancing of Real and Reactive Power supply and demand.
  - 2.3 **Reliability Information** — Information necessary for the planning and operation of reliable Bulk Power Systems shall be made available to those entities responsible for planning and operating Bulk Power Systems.
  - 2.4 **Emergency Preparation** — Plans for emergency operation and system restoration of Bulk Power Systems shall be developed, coordinated, maintained, and implemented.

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<sup>1</sup> When a Reliability Standard identifies a class of entities to which it applies, that class must be defined in the Glossary of Terms Used in NERC Reliability Standards.

- 2.5 **Communications and Control** — Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of Bulk Power Systems.
- 2.6 **Personnel** — Personnel responsible for planning and operating Bulk Power Systems shall be trained and qualified, and shall have the responsibility and authority to implement actions.
- 2.7 **Wide-Area View** — The reliability of the Bulk Power Systems shall be assessed, monitored, and maintained on a Wide-Area basis.
- 2.8 **Security** — Bulk Power Systems shall be protected from malicious physical or cyber attacks.
3. **Performance Requirement or Outcome** — Each Reliability Standard shall state one or more performance Requirements, which if achieved by the applicable entities, will provide for a reliable Bulk Power System, consistent with good utility practices and the public interest. Each Requirement is not a “lowest common denominator” compromise, but instead achieves an objective that is the best approach for Bulk Power System reliability, taking account of the costs and benefits of implementing the proposal.
4. **Measurability** — Each performance Requirement shall be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that Requirement. Each performance Requirement shall have one or more associated measures used to objectively evaluate compliance with the Requirement. If performance can be practically measured quantitatively, metrics shall be provided to determine satisfactory performance.
5. **Technical Basis in Engineering and Operations** — Each Reliability Standard shall be based upon sound engineering and operating judgment, analysis, or experience, as determined by expert practitioners in that particular field.
6. **Completeness** — Reliability Standards shall be complete and self-contained. The Reliability Standards shall not depend on external information to determine the required level of performance.
7. **Consequences for Noncompliance** — In combination with guidelines for Penalties and sanctions, as well as other ERO and Regional Entity compliance documents, the consequences of violating a Reliability Standard are clearly presented to the entities responsible for complying with the Reliability Standards.
8. **Clear Language** — Each Reliability Standard shall be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, are able to arrive at a consistent interpretation of the required performance.

9. **Practicality** — Each Reliability Standard shall establish Requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.
10. **Consistent Terminology** — To the extent possible, Reliability Standards shall use a set of standard terms and definitions that are approved through the NERC Reliability Standards development process.

### **303. Relationship between Reliability Standards and Competition**

To ensure Reliability Standards are developed with due consideration of impacts on competition, to ensure Reliability Standards are not unduly discriminatory or preferential, and recognizing that reliability is an essential requirement of a robust North American economy, each Reliability Standard shall meet all of these market-related objectives:

1. **Competition** — A Reliability Standard shall not give any market participant an unfair competitive advantage.
2. **Market Structures** — A Reliability Standard shall neither mandate nor prohibit any specific market structure.
3. **Market Solutions** — A Reliability Standard shall not preclude market solutions to achieving compliance with that Reliability Standard.
4. **Commercially Sensitive Information** — A Reliability Standard shall not require the public disclosure of commercially sensitive information or other Confidential Information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with Reliability Standards.
5. **Adequacy** — NERC shall not set Reliability Standards defining an adequate amount of, or requiring expansion of, Bulk Power System resources or delivery capability.

### **304. Essential Principles for the Development of Reliability Standards**

NERC shall develop Reliability Standards in accordance with the NERC *Standard Processes Manual*, which is incorporated into these Rules of Procedure as **Appendix 3A**. Appeals in connection with the development of a Reliability Standard shall also be conducted in accordance with the NERC *Standard Processes Manual*. Any amendments or revisions to the NERC *Standard Processes Manual* shall be consistent with the following essential principles:

1. **Openness** — Participation shall be open to all Persons and who are directly and materially affected by the reliability of the North American Bulk Power System. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in NERC or any other organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.

2. **Transparency** — The process shall be transparent to the public.
3. **Consensus-building** — The process shall build and document consensus for each Reliability Standard, both with regard to the need and justification for the Reliability Standard and the content of the Reliability Standard.
4. **Fair Balance of Interests** — The process shall fairly balance interests of all stakeholders and shall not be dominated by any two Segments as defined in **Appendix 3D, Development of the Registered Ballot Body**, of these Rules of Procedure, and no single Segment, individual or organization shall be able to defeat a matter.
5. **Due Process** — Development of Reliability Standards shall provide reasonable notice and opportunity for any Person with a direct and material interest to express views on a proposed Reliability Standard and the basis for those views, and to have that position considered in the development of the Reliability Standards.
6. **Timeliness** — Development of Reliability Standards shall be timely and responsive to new and changing priorities for reliability of the Bulk Power System.

### 305. Registered Ballot Body

NERC Reliability Standards shall be approved by a Registered Ballot Body prior to submittal to the Board and then to Applicable Governmental Authorities for their approval, where authorized by applicable legislation or agreement. This Section 305 sets forth the rules pertaining to the composition of, and eligibility to participate in, the Registered Ballot Body.

1. **Eligibility to Vote on Reliability Standards** — Any person or entity may join the Registered Ballot Body to vote on Reliability Standards, whether or not such person or entity is a Member of NERC.
2. **Inclusive Participation** — The Segment qualification guidelines are inclusive; i.e., any entity with a legitimate interest in the reliability of the Bulk Power System that can meet any one of the eligibility criteria for a Segment is entitled to belong to and vote in each Segment for which it qualifies, subject to limitations defined in Sections 305.3 and 305.5.
3. **General Criteria for Registered Ballot Body Membership** — The general criteria for membership in the Segments are:
  - 3.1 **Multiple Segments** — A corporation or other organization with integrated operations or with affiliates that qualifies to belong to more than one Segment (e.g., Transmission Owners and Load-Serving Entities) may join once in each Segment for which it qualifies, provided that each Segment constitutes a separate membership and the organization is represented in

each Segment by a different representative. Affiliated entities are collectively limited to one membership in each Segment for which they are qualified.

- 3.2 **Withdrawing from a Segment or Changing Segments** — After its initial registration in a Segment, each registered participant may elect to withdraw from a Segment at any time or apply to change Segments as described in the *Development of the Registered Ballot Body* in **Appendix 3D**. In the event a change in corporate or organizational structure results in merged or affiliated entities having more than one membership in a particular Segment, the merged or affiliated entities shall withdraw the additional memberships before joining any new ballot pools or voting on any standards action as part of an existing ballot pool.
- 3.3 **Review of Segment Criteria** — The Board shall review the qualification guidelines and rules for joining Segments periodically to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
4. **Proxies for Voting on Reliability Standards** — Any registered participant may designate an agent or proxy to vote on its behalf. There are no limits on how many proxies an agent may hold. However, for the proxy to be valid, NERC must have in its possession written documentation signed by the representative of the registered participant that the voting right by proxy has been transferred from the registered participant to the agent.
5. **Segments** — The specific criteria for membership in each Registered Ballot Body Segment are defined in the *Development of the Registered Ballot Body* in **Appendix 3D**.
6. **Review of Segment Entries** — NERC shall review all applications for joining the Registered Ballot Body, and shall make a determination of whether the applicant's self-selection of a Segment satisfies at least one of the guidelines to belong to that Segment. The entity shall then become eligible to participate as a voting member of that Segment. The Standards Committee shall resolve disputes regarding eligibility for membership in a Segment, with the applicant having the right of appeal to the Board.

### 306. Standards Committee

The Standards Committee shall provide oversight of the Reliability Standards development process to ensure stakeholder interests are fairly represented. The Standards Committee shall not under any circumstance change the substance of a draft or approved Reliability Standard.

1. **Membership** — The Standards Committee is a representative committee comprising representatives of two members of each of the Segments in the

Registered Ballot Body and two officers elected to represent the interests of the industry as a whole.

2. **Elections** — Standards Committee members are elected for staggered (one per Segment per year) two-year terms by the respective Segments in accordance with the *Procedure for the Election of Members of the NERC Standards Committee*, which is incorporated into these Rules of Procedure as **Appendix 3B**. Segments may use their own election procedure if such a procedure is ratified by two-thirds of the members of a Segment and approved by the Board.

3. **Canadian Representation**

The Standards Committee will include Canadian representation as provided in **Appendix 3B**, *Procedure for the Election of Members of the NERC Standards Committee*.

4. **Open Meetings** — All meetings of the Standards Committee shall be open and publicly noticed on the NERC website.

### 307. Standards Process Management

NERC standards staff shall be responsible for ensuring that the development and revision of Reliability Standards are in accordance with the *NERC Standard Processes Manual* and shall work to achieve the highest degree of integrity and consistency of quality and completeness of the Reliability Standards. NERC staff shall coordinate with any Regional Entities that develop Regional Reliability Standards to ensure those Regional Reliability Standards are effectively integrated with the NERC Reliability Standards.

### 308. Steps in the Development of Reliability Standards

1. **Procedure** — NERC shall develop Reliability Standards through the process set forth in the *NERC Standard Processes Manual* (**Appendix 3A**). The *NERC Standard Processes Manual* includes provisions for developing Reliability Standards that can be completed using expedited processes, including a process to develop Reliability Standards to address national security situations that involve confidential issues.
2. **Board Adoption** — Reliability Standards or revisions to Reliability Standards approved by the ballot pool in accordance with the *NERC Standard Processes Manual* shall be submitted for adoption by the Board. No Reliability Standard or revision to a Reliability Standard shall be effective unless adopted by the Board.
3. **Governmental Approval** — After Board adoption, a Reliability Standard or revision to a Reliability Standard shall be submitted to all Applicable Governmental Authorities in accordance with Section 309. No Reliability Standard or revision to a Reliability Standard shall be effective within a geographic area over which an Applicable Governmental Authority has jurisdiction unless it is approved by such Applicable Governmental Authority or

is otherwise made effective pursuant to the laws applicable to such Applicable Governmental Authority.

### **309. Filing of Reliability Standards for Approval by Applicable Governmental Authorities**

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the Applicable Governmental Authorities each Reliability Standard, modification to a Reliability Standard, or withdrawal of a Reliability Standard that is adopted by the Board. Each filing shall be in the format required by the Applicable Governmental Authority and shall include: a concise statement of the basis and purpose of the Reliability Standard; the text of the Reliability Standard; the implementation plan for the Reliability Standard; a demonstration that the Reliability Standard meets the essential attributes of Reliability Standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the Reliability Standard and the consideration of those comments.
  
2. **Remanded Reliability Standards and Directives to Develop New or Modified Reliability Standards** — If an Applicable Governmental Authority remands a Reliability Standard to NERC, NERC shall within five (5) business days notify all other Applicable Governmental Authorities. Reliability Standards that are directed by an Applicable Governmental Authority shall be developed using the *NERC Standard Processes Manual*. The waiver provisions of the *NERC Standard Processes Manual* may be applied if necessary to meet a timetable for action required by the Applicable Governmental Authority, respecting to the extent possible the provisions in the *NERC Standard Processes Manual* for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply.
  
3. **Directives to Develop Reliability Standards under Extraordinary Circumstances** — An Applicable Governmental Authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a Reliability Standard. In such a case, the Applicable Governmental Authority may direct the development of a Reliability Standard within a certain deadline. NERC staff shall prepare the Standards Authorization Request. The proposed Reliability Standard will then proceed through the Reliability Standards development process, using the waiver provisions of the *NERC Standard Processes Manual* as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. If the Board of Trustees determines that the

process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

### **310. Annual Reliability Standards Development Plan**

NERC shall develop and provide an annual Reliability Standards Development Plan for development of Reliability Standards to the Applicable Governmental Authorities. NERC shall consider the comments and priorities of the Applicable Governmental Authorities in developing and updating the annual Reliability Standards Development Plan. Each annual Reliability Standards Development Plan shall include a progress report comparing results achieved to the prior year's Reliability Standards Development Plan.

### **311. Regional Entity Standards Development Procedures**

1. **NERC Approval of Regional Entity Reliability Standards Development Procedure** — To enable a Regional Entity to develop Regional Reliability Standards that are to be recognized and made part of NERC Reliability Standards, a Regional Entity may request NERC to approve a Regional Reliability Standards development procedure.
2. **Public Notice and Comment on Regional Reliability Standards Development Procedure** — Upon receipt of such a request, NERC shall publicly notice and request comment on the proposed Regional Reliability Standards development procedure, allowing a minimum of 45 days for comment. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to withdraw the request, revise the Regional Reliability Standards development procedure and request another posting for comment, or submit the Regional Reliability Standards development procedure, along with its consideration of any objections received, for approval by NERC.
3. **Evaluation of Regional Reliability Standards Development Procedure** — NERC shall evaluate whether a Regional Reliability Standards development procedure meets the criteria listed below and shall consider stakeholder comments, any unresolved stakeholder objections, and the consideration of comments provided by the Regional Entity, in making that determination. If NERC determines the Regional Reliability Standards development procedure meets these requirements, the Regional Reliability Standards development procedure shall be submitted to the Board for approval. The Board shall consider the recommended action, stakeholder comments, any unresolved stakeholder comments, and the Regional Entity consideration of comments in determining whether to approve the Regional Reliability Standards development procedure.
  - 3.1 **Evaluation Criteria** — The Regional Reliability Standards development procedure shall be:



- 3.1.1 **Open** — The Regional Reliability Standards development procedure shall provide that any person or entity who is directly and materially affected by the reliability of the Bulk Power Systems within the Regional Entity shall be able to participate in the development and approval of Reliability Standards. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in the Regional Entity, a Regional Entity or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
- 3.1.2 **Inclusive** — The Regional Reliability Standards development procedure shall provide that any Person with a direct and material interest has a right to participate by expressing an opinion and its basis, having that position considered, and appealing through an established appeals process if adversely affected.
- 3.1.3 **Balanced** — The Regional Reliability Standards development procedure shall have a balance of interests and shall not permit any two interest categories to dominate a matter or any single interest category to defeat a matter.
- 3.1.4 **Due Process** — The Regional Reliability Standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the Regional Reliability Standards development procedure shall include public notice of the intent to develop a Regional Reliability Standard, a public comment period on the proposed Regional Reliability Standard, due consideration of those public comments, and a ballot of interested stakeholders.
- 3.1.5 **Transparent** — All actions material to the development of Regional Reliability Standards shall be transparent. All Regional Reliability Standards development meetings shall be open and publicly noticed on the Regional Entity’s website.
- 3.1.6 **Accreditation of Regional Standards Development Procedure** — A Regional Entity’s Regional Reliability Standards development procedure that is accredited by the American National Standards Institute shall be deemed to meet the criteria listed in this Section 311.3.1, although such accreditation is not a prerequisite for approval by NERC.
- 3.1.7 **Use of NERC Procedure** — A Regional Entity may adopt the NERC *Standard Processes Manual* as the Regional Reliability Standards development procedure, in which case the Regional

Entity's Regional Reliability Standards development procedure shall be deemed to meet the criteria listed in this Section 311.3.1.

4. **Revisions of Regional Reliability Standards Development Procedures** — Any revision to a Regional Reliability Standards development procedure shall be subject to the same approval requirements set forth in Sections 311.1 through 311.3.
5. **Duration of Regional Reliability Standards Development Procedures** — The Regional Reliability Standards development procedure shall remain in effect until such time as it is replaced with a new version approved by NERC or it is withdrawn by the Regional Entity. The Regional Entity may, at its discretion, withdraw its Regional Reliability Standards development procedure at any time.

## 312. Regional Reliability Standards

1. **Basis for Regional Reliability Standards** — Regional Entities may propose Regional Reliability Standards that set more stringent reliability requirements than the NERC Reliability Standard or cover matters not covered by an existing NERC Reliability Standard. Such Regional Reliability Standards shall in all cases be submitted to NERC for adoption and, if adopted, made part of the NERC Reliability Standards and shall be enforceable in accordance with the delegation agreement between NERC and the Regional Entity or other instrument granting authority over enforcement to the Regional Entity. No entities other than NERC and the Regional Entity shall be permitted to develop Regional Reliability Standards that are enforceable under statutory authority delegated to NERC and the Regional Entity.
2. **Regional Reliability Standards That are Directed by a NERC Reliability Standard** — Although it is the intent of NERC to promote uniform Reliability Standards across North America, in some cases it may not be feasible to achieve a reliability objective with a Reliability Standard that is uniformly applicable across North America. In such cases, NERC may direct Regional Entities to develop Regional Reliability Standards necessary to implement a NERC Reliability Standard. Such Regional Reliability Standards that are developed pursuant to a direction by NERC shall be made part of the NERC Reliability Standards.
3. **Procedure for Developing an Interconnection-wide Regional Standard** — A Regional Entity organized on an Interconnection-wide basis may propose a Regional Reliability Standard for approval as a NERC Reliability Standard to be made mandatory for all applicable Bulk Power System owners, operators, and users within that Interconnection.
  - 3.1 **Presumption of Validity** — An Interconnection-wide Regional Reliability Standard that is determined by NERC to be just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities, shall be adopted as a NERC Reliability Standard. NERC shall

rebuttably presume that a Regional Reliability Standard developed, in accordance with a Regional Reliability Standards development process approved by NERC, by a Regional Entity organized on an Interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities.

- 3.2 **Notice and Comment Procedure for Interconnection-wide Regional Reliability Standard** — NERC shall publicly notice and request comment on the proposed Interconnection-wide Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to comment on or withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for approval by NERC.
- 3.3 **Adoption of Interconnection-wide Regional Reliability Standard by NERC** — NERC shall evaluate and recommend whether a proposed Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections that could serve as a basis for rebutting the presumption of validity of the Regional Reliability Standard. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning the proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity's request, NERC's recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity's consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
- 3.4 **Applicable Governmental Authority Approval** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.
- 3.5 **Enforcement of Interconnection-wide Regional Reliability Standard** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or

is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

4. **Procedure for Developing Non-Interconnection-Wide Regional Reliability Standards** — Regional Entities that are not organized on an Interconnection-wide basis may propose Regional Reliability Standards to apply within their respective Regions. Such Regional Reliability Standards may be developed through the NERC Reliability Standards development procedure, or alternatively, through a Regional Reliability Standards development procedure that has been approved by NERC.
  - 4.1 **No Presumption of Validity** — Regional Reliability Standards that are not proposed to be applied on an Interconnection-wide basis are not presumed to be valid but may be demonstrated by the proponent to be valid.
  - 4.2 **Notice and Comment Procedure for Non-Interconnection-wide Regional Reliability Standards** — NERC shall publicly notice and request comment on the proposed Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity’s Regional Reliability Standards development process. The Regional Entity shall have an opportunity to comment on or resolve any objections identified in the comments and may choose to withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for adoption by NERC.
  - 4.3 **NERC Adoption of Non-Interconnection-wide Regional Reliability Standards** — NERC shall evaluate and recommend whether a proposed non-Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity’s request, the recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity’s consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
  - 4.4 **Applicable Governmental Authority Approval** — A non-Interconnection-wide Regional Reliability Standard that has been adopted

by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.

4.5 **Enforcement of Non-Interconnection-wide Regional Reliability Standards** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

5. **Appeals** — A Regional Entity shall have the right to appeal NERC’s decision not to adopt a proposed Regional Reliability Standard or Variance to the Commission or other Applicable Governmental Authority.

### 313. **Other Regional Criteria, Guides, Procedures, Agreements, Etc.**

1. **Regional Criteria** — Regional Entities may develop Regional Criteria that are necessary to implement, to augment, or to comply with NERC Reliability Standards, but which are not Reliability Standards. Regional Criteria may also address issues not within the scope of Reliability Standards, such as resource adequacy. Regional Criteria may include specific acceptable operating or planning parameters, guides, agreements, protocols or other documents used to enhance the reliability of the Bulk Power System in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or regional Variances, and therefore are not enforceable under authority delegated by NERC pursuant to delegation agreements and do not require NERC approval.
2. **Catalog of Regional Criteria** — Each Regional Entity that has Regional Criteria shall maintain a publicly-available, current catalog of its Regional Criteria. Regional Entities shall provide any Regional Criteria to NERC upon written request.

### 314. **Conflicts with Statutes, Regulations, and Orders**

**Notice of Potential Conflict** — If a Bulk Power System owner, operator, or user determines that a NERC or Regional Reliability Standard may conflict with a function, rule, order, tariff, rate schedule, legislative requirement or agreement that has been accepted, approved, or ordered by a governmental authority affecting that entity, the entity shall expeditiously notify the governmental authority, NERC, and the relevant Regional Entity of the conflict.

1. **Determination of Conflict** — NERC, upon request of the governmental authority, may advise the governmental authority regarding the conflict and

propose a resolution of the conflict, including revision of the Reliability Standard if appropriate.

2. **Regulatory Precedence** — Unless otherwise ordered by a governmental authority, the affected Bulk Power System owner, operator, or user shall continue to follow the function, rule, order, tariff, rate schedule, legislative requirement, or agreement accepted, approved, or ordered by the governmental authority until the governmental authority finds that a conflict exists and orders a remedy and such remedy is affected.

### **315. Revisions to NERC Standard Processes Manual**

Any person or entity may submit a written request to modify NERC *Standard Processes Manual*. Consideration of the request and development of the revision shall follow the process defined in the NERC *Standard Processes Manual*. Upon approval by the Board, the revision shall be submitted to the Applicable Governmental Authorities for approval. Changes shall become effective only upon approval by the Applicable Governmental Authorities or on a date designated by the Applicable Governmental Authorities or as otherwise applicable in a particular jurisdiction.

### **316. ~~Reserved Accreditation~~**

~~NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.~~

### **317. Periodic Review of Reliability Standards**

NERC shall complete a periodic review of each NERC Reliability Standard in accordance with the NERC *Standard Processes Manual*. As a result of this review, the NERC Reliability Standard shall be reaffirmed, revised, or withdrawn. If the review indicates a need to revise or withdraw the Reliability Standard, a request for revision or withdrawal shall be prepared, submitted and addressed in accordance with the NERC *Standard Processes Manual*.

### **318. Coordination with the North American Energy Standards Board**

NERC shall maintain a close working relationship with the North American Energy Standards Board and ISO/RTO Council to ensure effective coordination of wholesale electric business practice standards and market protocols with the NERC Reliability Standards.

### **319. Archived Standards Information**

NERC shall maintain a historical record of Reliability Standards information that is no longer maintained on-line. For example, Reliability Standards that have been retired may be removed from the on-line system. Archived information shall be retained indefinitely as practical, but in no case less than six years or one complete Reliability Standards review cycle from the date on which the Reliability Standard was no longer in effect. Archived records of Reliability Standards information shall be available electronically within 30 days following the receipt by NERC staff of a written request.

**320. Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels**

1. **Development of Violation Risk Factors and Violation Severity Levels** — NERC shall follow the process for developing Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) as set forth in the Standard Processes Manual, Appendix 3A to these Rules of Procedure.
2. **Remands of Directed Revision of VRFs and VSLs by Applicable Governmental Authorities** — If an Applicable Governmental Authority remands or directs a revision to a Board-approved VRF or VSL assignment, the NERC director of standards, after consulting with the standard drafting team, Standards Committee, and the NERC director of compliance operations, will recommend to the Board one of the following actions: (1) filing a request for clarification; (2) filing for rehearing or for review of the Applicable Governmental Authority decision; or (3) approval of the directed revisions to the VRF or VSL. If and to the extent time is available prior to the deadline for the Board’s decision, an opportunity for interested parties to comment on the action taken will be provided.
3. **Alternative Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels** — In the event the Reliability Standards development process fails to produce Violation Risk Factors or Violation Severity Levels for a particular Reliability Standard in a timely manner, the Board of Trustees may approve Violation Risk Factors or Violation Severity Levels for that Reliability Standard after notice and opportunity for comment. In approving VRFs and VSLs, the Board shall consider the inputs of the Member Representatives Committee, affected stakeholders and NERC staff.

**NEW RULE TO PROVIDE FOR THE ISSUANCE OF BOARD OF TRUSTEES DIRECTIVES (RULE 322)**

**322. Special Authority to Address Reliability Matters Necessary to Maintain the Reliability of the Bulk Power System**

To meet NERC’s statutory responsibility under Section 215 of the Federal Power Act to ensure the reliable operation of the Bulk Power System, the Board of Trustees shall have the authority to direct the development of a new or revised Reliability Standard. The Board of Trustees will exercise this authority only when the Board determines such a directive is essential to provide for an adequate level of reliability for the Bulk Power System as required under Section 215 of the Federal Power Act. This authority shall be in addition to the Board of Trustees’ other authorities regarding Reliability Standards as

provided in these Rules of Procedure and the Bylaws. In issuing such directives, the following process shall be used:

1. The Board of Trustees shall provide public notice of its intent to direct the development of a new or revised Reliability Standard to address a matter it has deemed essential to provide for an adequate level of reliability for the Bulk Power System. This notice shall take the form of a written document that includes, at a minimum, the following:
  - 1.1 the proposed date for issuing the proposed directive, which shall be no earlier than 60 days from the date of the notice, and the period for public comment, which shall be no less than 45 days;
  - 1.2 a description of the proposed directive, including any deadlines for standards development;
  - 1.3 the reliability basis for the proposed directive;
  - 1.4 the reasons for which the Board has preliminarily determined that the proposed directive is just, reasonable, not unduly discriminatory, and in the public interest, and essential to assure the reliable operation of the Bulk Power System; and
  - 1.5 identification of any current or planned stakeholder-initiated standards development projects to address the reliability matter addressed by the proposed directive.
2. NERC shall publicly post the notice and set a public comment period for the time described in the notice.
3. The Board of Trustees may direct the development of a new or revised Reliability Standard, as originally proposed or with modifications, if it determines that such action is just, reasonable, not unduly discriminatory, and in the public interest. In making this determination, the Board of Trustees shall consider any advice provided by the Member Representatives Committee, as well as any comments provided by the



public, NERC standing committees, Applicable Governmental Authorities, or NERC management.

4. NERC shall publicly post all Board of Trustees directives and any supporting documentation. This information shall become part of the record of development for the resulting Reliability Standard.
5. Where the Board of Trustees has determined to direct the development of a new or revised Reliability Standard, NERC Staff shall prepare a Standards Authorization Request for submission to the Standards Committee.
6. Reliability Standards that are directed by the Board of Trustees shall be developed using the NERC Standard Processes Manual. The waiver provisions of the NERC *Standard Processes Manual* may be applied if necessary to meet a timetable for action required by the Board of Trustees, respecting to the extent possible the provisions in the *NERC Standard Processes Manual* for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in its directive, then the Board of Trustees may, in its discretion, apply Rule 321 of these Rules of Procedure.

### **321. Special Rule to Address Certain Regulatory and Board of Trustees Directives**

In circumstances where this Rule 321 applies, the Board of Trustees shall have the authority to take one or more of the actions set out below. The Board of Trustees shall have the authority to choose which one or more of the actions are appropriate to the circumstances and need not take these actions in sequential steps.

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by Applicable Governmental Authorities or by the NERC Board of Trustees pursuant to its authority in Section 322. If the Board of Trustees is presented with a proposed Reliability Standard that fails to address such directives, the Board of Trustees has the authority to remand, with instructions (including establishing a timetable for action), the proposed Reliability Standard to the Standards Committee.
2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority or by the NERC Board of Trustees pursuant to its authority in Section 322, the Board of Trustees has the authority to remand the proposed Reliability Standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory or Board directive, including whether or not the proposed Reliability Standard is just,

reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed Reliability Standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.

- 2.1 Such a re-ballot shall be completed within forty-five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.
- 2.2 In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the proposal shall be counted for purposes of determining the number of votes cast and whether the proposed Reliability Standard has been approved.
3. If the re-balloted proposed Reliability Standard achieves at least an affirmative two-thirds majority vote of the weighted Segment votes cast, with a quorum established, then the proposed Reliability Standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.
4. If the re-balloted proposed Reliability Standard fails to achieve at least an affirmative two-thirds majority vote of the weighted Segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted Segment votes cast, with a quorum established, then the Board of Trustees has the authority to consider the proposed Reliability Standard for approval under the following procedures:
  - 4.1 The Board of Trustees shall issue notice of its intent to consider the proposed Reliability Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed Reliability Standard that address the specific matter identified in the regulatory or Board directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.
  - 4.2 The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.
  - 4.3 After considering the developmental record, the comments received during balloting and the additional input received under paragraphs 4.1 and 4.2 of this Rule, the Board of Trustees has authority to act on the proposed Reliability Standard.

4.3.1 If the Board of Trustees finds that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to approve the proposed Reliability Standard and direct that it be filed with Applicable Governmental Authorities with a request that it be made effective. In addition, the Board of Trustees may direct further revisions in accordance with Rule 322.

4.3.2 If the Board of Trustees is unable to find that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to take one of the following actions:

4.3.2.1 For a regulatory directive, the Board of Trustees may treat the proposed Reliability Standard as a draft Reliability Standard and direct that the draft Reliability Standard and complete developmental record, including the additional input received under paragraphs 4.1 and 4.2 of this Rule, be filed with the Applicable Governmental Authorities as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Reliability Standard not be made effective and an explanation of the basis for the recommendation.

~~4.3.1~~4.3.2.2 For a Board directive, the Board of Trustees may remand the proposed Reliability Standard and direct further work under this Section.

5. Upon a written finding by the Board of Trustees that standard drafting team has failed to develop, or a ballot pool has failed to approve, a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority or the Board of Trustees, the Board of Trustees has the authority to direct the Standards Committee (with the assistance of stakeholders and NERC staff) to prepare a draft Reliability Standard that addresses the regulatory or Board directive, taking account of the entire developmental record pertaining to the matter. If the Standards Committee fails to prepare such draft Reliability Standard, the Board of Trustees may direct NERC management to prepare such draft Reliability Standard.

5.1 The Board of Trustees may, in its discretion, convene a public technical conference to receive input on the matter. The draft Reliability Standard shall be posted for a 45-day public comment period.

5.2 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees finds that the draft Reliability Standard, with such modifications as the Board of Trustees determines are appropriate in light of the comments received, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to approve the draft Reliability Standard and direct that the proposed Reliability Standard be filed with Applicable Governmental Authorities with a request that the proposed Reliability Standard be made effective. In addition, the Board of Trustees may direct further work in accordance with Rule 322.

5.3 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees is unable to find that the draft Reliability Standard, even with modifications, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to take one of the following actions:

5.3.1 For a regulatory directive, the Board of Trustees may direct that the draft Reliability Standard and complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Governmental Authority issuing the regulatory directive, with a recommendation that the draft Reliability Standard not be made effective.

~~5.2.15.3.2~~ 5.3.2 For a Board directive, the Board of Trustees may remand the proposed Reliability Standard and direct further work under this Section.

~~5.35.4~~ 5.4 The filing of the Reliability Standard under either paragraph 5.2 or paragraph 5.3 of this Rule shall include an explanation of the basis for the decision by the Board of Trustees.

~~5.4~~ ~~A Reliability Standard approved under paragraph 5 of this Rule shall not be eligible for submission as an American National Standard.~~

6. NERC shall on or before March 31<sup>st</sup> of each year file a report with Applicable Governmental Authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an Applicable Governmental Authority.