

**NERC**

NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# Enhancing NERC Standard Processes

NERC Staff Recommendations

October 2022

RELIABILITY | RESILIENCE | SECURITY



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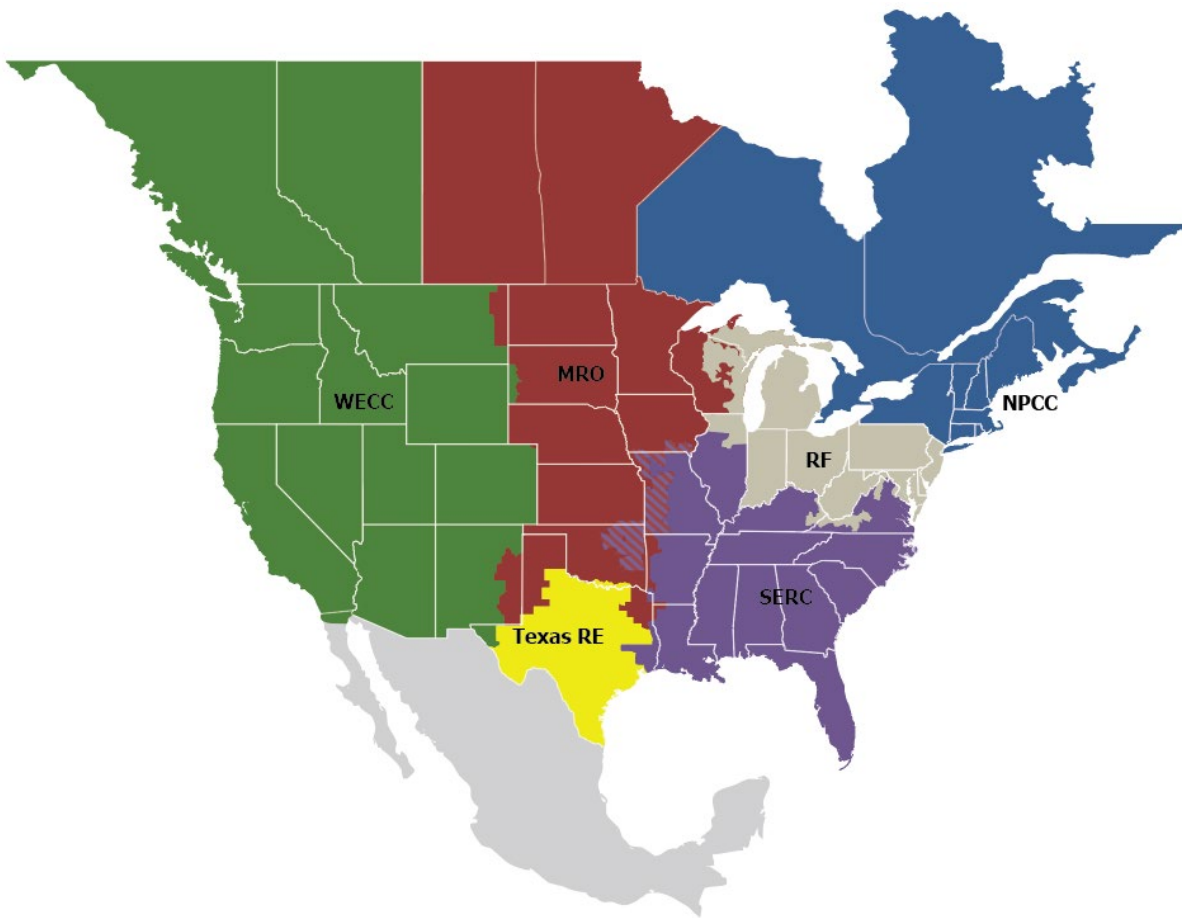
# Preface

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Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities, is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

Reliability | Resilience | Security  
*Because nearly 400 million citizens in North America are counting on us*

The North American BPS is made up of six Regional Entity boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Regional Entity while associated Transmission Owners/Operators participate in another.



<b>MRO</b>	Midwest Reliability Organization
<b>NPCC</b>	Northeast Power Coordinating Council
<b>RF</b>	ReliabilityFirst
<b>SERC</b>	SERC Reliability Corporation
<b>Texas RE</b>	Texas Reliability Entity
<b>WECC</b>	WECC

## Executive Summary

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The purpose of this document is to present recommendations for standards process improvements that would enhance NERC's ability to address reliability needs with appropriate agility, while maintaining an open and inclusive process.

The North American bulk power system is a highly sophisticated machine that supplies the electricity foundational to the way of life of nearly 400 million people. For over fifty years, NERC has helped owners, users, and operators of the bulk power system assure reliability and security by drawing on the coordination, cooperation, and sharing of operating, planning, and security expertise by industry stakeholders, governmental partners, and the public.

The bulk power system is now undergoing a major transformation, presenting new and emerging challenges to reliability, resilience, and security. Additionally, the technological landscape continues to change, presenting new opportunities for efficient administration of the grid, but also new and evolving cybersecurity challenges and threats that grow more complex each year. Since 2007, mandatory NERC Reliability Standards have played an important role in advancing the reliability, resilience, and security of the North American bulk power system. Mandatory Reliability Standards will continue to play a vital role in addressing the new and emerging challenges of the transforming grid. Given the pace of change, however, NERC's standard development processes must be sufficiently nimble and agile to address the reliability challenges of the transforming grid and to ensure that they can keep pace with the speed at which these risks are emerging.

With the importance of addressing the challenges of the transforming grid in mind, the NERC Board of Trustees directed NERC Staff at its February 10, 2022 meeting as follows:

**BE IT FURTHER RESOLVED**, that the Board hereby directs NERC staff to examine the body of rules regarding Reliability Standards development and, considering the feedback of stakeholders, recommend such changes that would improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

**BE IT FURTHER RESOLVED**, that NERC staff is directed to provide an update on this effort in May and August, and present its recommendations to the Board at the December 2022 meeting.

Consistent with the NERC Board of Trustees' February 10, 2022 directives, NERC Staff convened a representative stakeholder panel to review and consider NERC Staff's initial recommendations and provide feedback. The feedback has informed the recommendations presented herein.

NERC Staff thanks the members of the Standards Process Stakeholder Engagement Group (SPSEG) for their contributions:

Roy Thilly, SPSEG Chair, NERC Board of Trustees  
Sue Kelly, NERC Board of Trustees  
Rob Manning, NERC Board of Trustees  
Amy Casuscelli, Chair, Standards Committee  
Paul Choudhury, Immediate Past Chair, Member Representatives Committee  
Jennifer Flandermeyer, Vice Chair, Member Representatives Committee  
Greg Ford, Chair, Reliability and Security Technical Committee  
Rich Hydzik, Vice Chair, Reliability and Security Technical Committee  
Roy Jones, Chair, Member Representatives Committee  
Commissioner Matt Schuerger, Member Representatives Committee  
Brian Allen Slocum, Chair, Reliability Issues Steering Committee

Scott Tomashefsky, Chair, NERC Compliance and Certification Committee

## Recommendations

In this document, NERC Staff presents its review of the body of rules regarding Reliability Standards development and its recommendations for standard development process improvements. NERC Staff's objective is twofold: first, to make the standards process more effective and efficient for both stakeholders and staff, and second, to improve the timeliness of standards development, with process recommendations rooted in experience, without adversely affecting standards quality or diminishing industry's key role in standards development, which is foundational to the success of the ERO model.

If implemented, these recommendations would enhance NERC's ability to respond to urgent reliability needs through Reliability Standards development, promote efficiency in the standard development process, and streamline process administration. Importantly, and consistent with NERC's statutory obligations as the Electric Reliability Organization, these changes would preserve an open and inclusive process that balances the various industry, consumer, and governmental interests in reliability and is transparent in its decision-making.

First, NERC Staff recommends eliminating the requirement for continued accreditation by the American National Standards Institute ("ANSI"). The specific ANSI procedural rules NERC must follow to stay accredited are not always the best fit for NERC's regulatory framework, and NERC must maintain special processes to ensure it can develop Reliability Standards in fulfillment of its statutory mission and to respond to regulatory directives.

Second, NERC Staff recommends improving how the early phases of standard development are governed. Given that many of the inefficiencies of the last several years have involved the standard authorization request (SAR) phase, or "project scoping" phase, NERC Staff focuses many of its recommendations on improving and streamlining this aspect of standards development. Specifically, NERC Staff recommends shifting the focus for SARs to emphasize the identification and support of the specific reliability problem the SAR aims to solve, rather than a specific means for solving that problem. NERC Staff has identified that a shift in how NERC and its stakeholders approach the role of SARs in producing consensus standards would reduce many of the inefficiencies in the SAR process, including hesitancy to use pre-existing authorities in the Standards Process Manual for streamlining this process.

Third, NERC Staff recommends streamlining comment and ballot periods, including removing the requirement for a separate final ballot to confirm the results of the previous passing ballot, creating a tiered approach to formal comment period posting requirements, and clarifying the circumstances under which existing and lesser-known standard process waiver authorities may be used to expedite standards development.

Fourth, NERC Staff recommends giving the Standards Committee the option to appoint ERO Enterprise staff to interpretation drafting teams to facilitate the timely development of interpretations.

Fifth, NERC Staff recommends the development of a special rule by which the NERC Board of Trustees may direct standards development to address an urgent reliability issue. This special rule for NERC Board directives would be in addition to the special rule in NERC Rules of Procedure Section 321 for directives issued by an applicable governmental authority. As discussed further herein, this proposal contemplates that NERC's stakeholders will have opportunity to provide their feedback prior to the issuance of any Board directive, as well as during the development of any standards to address the Board directive.

NERC Staff also recommends other actions to enhance the administration of the standards process, including streamlining drafting team responsibilities, expanding participation in quality reviews, and reviewing the Registered Ballot Body criteria for continued appropriateness.

Several of the recommendations discussed herein call for revisions to the NERC rules governing standards (Section 300 of the Rules of Procedure or the Standard Processes Manual, Appendix 3A to the Rules of Procedure<sup>1</sup>). NERC Staff provides a preliminary proposal for such revisions in **Attachment A**: Draft Redline, NERC Rules of Procedure Section 300 and **Attachment B**: Draft Redline, NERC Rules of Procedure Appendix 3A, *Standard Processes Manual*. Other recommendations call for changes or clarifications in the ways NERC or the Standards Committee administers the existing rules or processes.

## Next Steps

NERC Staff will provide this paper, along with the recommendations of the SPSEG, to the NERC Board of Trustees in determining which further actions are appropriate.

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<sup>1</sup> The NERC Rules of Procedure are available at <https://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>.



# Introduction: the NERC Standard Development Process

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

## About NERC

NERC is a not-for-profit international regulatory authority whose mission is to assure the effective and efficient reduction of risks to the reliability and security of the electric power grid. In 2006, the United States Federal Energy Regulatory Commission (FERC) certified NERC as the Electric Reliability Organization in accordance with Section 215 of the Federal Power Act.<sup>2</sup> Canadian jurisdictions have also recognized NERC as the North American Electric Reliability Organization in accordance with applicable laws, regulations, and agreements. NERC's area of responsibility spans the continental United States, Canada, and the northern portion of Baja California, Mexico. NERC's jurisdiction includes users, owners, and operators of the bulk power system, which serves nearly 400 million people.

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

## Reliability Standards Development

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

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

The Standard Processes Manual provides for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing proposed Reliability Standards, consistent with Section 215 of the U.S. Federal Power Act and FERC regulations.<sup>4</sup>

To ensure that the Standard Processes Manual provides for the essential elements of a fair and open standard development process, NERC's Rules of Procedure presently require NERC to maintain its status as an American

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<sup>2</sup> *N. Am. Elec. Reliability Corp.*, 116 FERC ¶ 61,062 (2006), *order on reh'g & compliance*, 117 FERC ¶ 61,126 (2006), *aff'd sub nom. Alcoa, Inc. v. FERC*, 564 F.3d 1342 (D.C. Cir. 2009); Federal Power Act § 215 (codified at 16 U.S.C. § 824o).

<sup>3</sup> NERC Rules of Procedure, Appendix 3A. The current version of the Standard Processes Manual is version 4, and it became effective in 2019.

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



National Standards Institute (“ANSI”)-accredited standards developer.<sup>5</sup> NERC therefore reviews its Standard Processes Manual periodically to ensure it remains consistent with the *ANSI Essential Requirements*,<sup>6</sup> as revised from time to time, and performs other accreditation activities as ANSI rules require. To date, NERC has not submitted a Reliability Standard to ANSI for approval as an American National Standard. Therefore, NERC has not had the opportunity to use the specific process contained in the *ANSI Essential Requirements* for developing and submitting for review a proposed American National Standard, and ANSI has not audited NERC on its compliance with that process. NERC instead maintains its accreditation through periodic reaccreditation requests, whereby ANSI assesses the consistency of NERC’s standard development process with the *ANSI Essential Requirements*.<sup>7</sup> NERC submitted its most recent request for reaccreditation in July 2019, and the request remains pending. Until ANSI acts on NERC’s request, NERC maintains its accreditation.

In accordance with the Standard Processes Manual, NERC Reliability Standards must be approved by the ballot pool, which consists of members of the NERC Registered Ballot Body, prior to being submitted to the NERC Board of Trustees for adoption and to the applicable governmental authorities for approval. The Registered Ballot Body consists of ten Segments representing the different interests in the modern electric power industry, including end users. The Segments are defined in Appendix 3D to the NERC Rules of Procedure, *Registered Ballot Body Criteria*. The Registered Ballot Body provides for balanced representation in which no two interest categories, individuals, or organizations shall dominate and no single interest category, individual, or organization is able to defeat a matter.

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

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

From time to time, NERC or its stakeholders may identify the need to revise NERC’s rules and processes regarding standards development. Any proposed revision to the NERC Rules of Procedure must be posted for public comment. Any proposed revision to the Standard Processes Manual must also achieve a two-thirds approval vote of the ballot body. The NERC Board of Trustees and FERC must approve any revisions to NERC’s Rules of Procedure before those changes may become effective. Additionally, ANSI will review revisions to NERC’s Standard Processes Manual under its accreditation activities.

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<sup>5</sup> NERC Rules of Procedure, Section 316 (“NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.”).

<sup>6</sup> See *infra* n. 17.

<sup>7</sup> For more information regarding NERC’s ANSI accreditation, see <https://www.nerc.com/pa/Stand/Pages/ANSIAccreditation.aspx>. The *ANSI Essential Requirements* are available on the ANSI website at: <https://www.ansi.org/american-national-standards/ans-introduction/essential-requirements>.

# Chapter 1: The Need for Change

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This section explains how the rapid evolution of the bulk power system in recent years requires NERC to examine its standard development processes to ensure they remain agile and nimble to meet the reliability challenges ahead.

Since the first set of mandatory Reliability Standards were approved in 2007, NERC has made tremendous strides developing an effective and efficient body of Reliability Standards to address all manner of reliability, resilience, and security risks, consistent with NERC's mission as the FERC-certified Electric Reliability Organization for North America. NERC has also invested significant time in improving and streamlining its standard development processes, while still maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing Reliability Standards. NERC's standard development model, with its emphasis on engaging the individuals responsible for planning, operating, and securing the grid and giving due consideration to all views, is key to NERC's continued success as the Electric Reliability Organization. NERC's model has much to recommend, and NERC and its stakeholders should take pride in the significant reliability and security accomplishments and efficiency efforts of the last fifteen years.

The bulk power system, however, is evolving rapidly. This rapid evolution brings with it significant benefits but also significant challenges to reliability. Likewise, the threats to the security of the bulk power system are becoming more complex by the day. Mandatory Reliability Standards have and will continue to play an integral role in addressing new and emerging risks to the reliability and security of the grid. Given the pace of change, it is vitally important that NERC's standard development processes be more nimble and agile to keep pace with the speed at which these risks are emerging.

## **NERC Has Worked to Improve Effectiveness and Efficiency in Reliability Standards and Processes for Standards Development**

Mandatory Reliability Standards play an integral role in helping NERC achieve its mission of a highly reliable and secure grid. NERC has expended significant effort over the years to develop a body of Reliability Standards that are both effective to address reliability risks and are efficient to administer.

FERC approved the first set of mandatory Reliability Standards in 2007. Since that time, NERC has invested significant resources to develop new and revised Reliability Standards to address FERC directives and emerging risks. NERC also devoted time and effort to improve the quality, content, and organization of Reliability Standards. Through its experience successfully completing over 100 standards projects, NERC has developed a more sophisticated understanding of what a Reliability Standard should be and how it should be written. Reliability Standards should be: (1) developed using a results-based approach that focuses on performance, risk management, and entity capabilities; (2) focused on advancing reliability, rather than prescribing commercial business practices; and (3) organized logically and succinctly to avoid duplication and conflict and promote ease of use.

Over time, NERC has also made improvements to clarify and streamline its standard processes and ensure that they can respond to regulatory directives. In 2010, NERC proposed a special rule to address the situation where NERC's usual procedures fail to produce a consensus Reliability Standard in response to a regulatory directive. This special rule, codified at Section 321 of the Rules of Procedure, was itself added in response to a FERC directive.<sup>8</sup> In circumstances where this Rule 321 applies, the Board of Trustees may take one or more specified actions to approve a proposed Reliability Standard. To date, NERC has not needed to use this special rule to develop a Reliability Standard to respond to a regulatory directive.

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<sup>8</sup> See *N. Am. Elec. Reliability Corp.*, Order Directing NERC to Propose Modification of Electric Reliability Organization Rules of Procedure, 130 FERC ¶ 61,203 (2010), *order denying reh'g*, 132 FERC ¶ 61,218 (2010), *order on compliance*, 134 FERC ¶ 61,216 (2011) (approving NERC's proposed Rules of Procedure Section 321).

The most notable of NERC’s streamlining and clarification efforts resulted in version 3 of the Standard Processes Manual, which became effective in 2013. Version 3 represented a significant improvement in the standard development process, providing for flexibility and more streamlined standard posting and balloting procedures while maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests. These procedural enhancements reduced the minimum time necessary to develop a standard following the normal processes, resulting in some standards projects being completed in less than a year’s time. These revisions also provided flexibility to allow for the use of additional streamlining measures, such as shortened comment periods, in limited circumstances.

The currently effective Standard Processes Manual, Version 4 (effective 2019), reflects improvements in processes related to field tests (Section 6.0), interpretations (Section 7.0), and posting of supporting technical documents alongside approved standards (Section 11.0). Version 4 did not include substantive revisions to the process for developing, modifying, withdrawing, or retiring a Reliability Standard. Hence, NERC has not updated its core standard development process since 2013.

## **Today’s Grid is Rapidly Evolving – and the Risks to Reliability only Continue to Grow**

The bulk power system is now undergoing major transformation, driven by a rapidly changing generation resource mix. Traditional baseload generation plants are retiring, while significant amounts of new natural gas and variable energy generating resources are being developed. During this transition, natural gas-fired generation has become more critical to provide both “bulk energy” and “balancing energy” to support the integration of variable energy resources. Storage, co-located with variable resources, is expected to play an increasing role in future years. Widespread, long duration extreme weather exacerbates the challenges of the transforming grid while also stressing the system in unique ways. Further, extreme weather or other stresses on related critical infrastructures, such as the natural gas or telecommunications systems that the electric system depends upon, can affect the reliable operation of the bulk power system. Amid this rapid transformation, security threats continue to evolve in sophistication, frequency, and scope and pose ever-increasing risks to reliability and resilience.

The transforming grid presents new and emerging challenges to reliability. Unlike with many of the reliability challenges faced in the past, the electric power industry does not have the benefit of decades of experience to inform the development of Reliability Standards to address these issues. Nor can the industry afford to wait to develop such experience, as these new and emerging issues are threatening reliability today. For example, widespread, long duration extreme cold weather events caused substantial reliability and resiliency impacts in 2011, 2014, 2018, and 2021, as fuel constraints resulted in shortfalls of energy production. Further, unexpected performance by renewable resources has resulted in system disturbances, as NERC and Regional Entity reports on the 2022 Panhandle wind disturbance,<sup>9</sup> the 2021 Odessa events,<sup>10</sup> and the 2016 Blue Cut Fire<sup>11</sup> indicate. NERC’s annual *State of Reliability* reports and reliability assessments highlight the continuing challenges of managing a complex system that is increasingly dependent on natural gas fired and variable resources.

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<sup>9</sup> NERC and Texas Reliability Entity Staff Report, *Panhandle Wind Disturbance: Texas Event: March 22, 2022* (Aug. 2022), [https://www.nerc.com/pa/rrm/ea/Documents/Panhandle\\_Wind\\_Disturbance\\_Report.pdf](https://www.nerc.com/pa/rrm/ea/Documents/Panhandle_Wind_Disturbance_Report.pdf).

<sup>10</sup> NERC and Texas Reliability Entity Staff Report, *Odessa Disturbance: Texas Events: May 9, 2021 and June 26, 2021* (Sep. 2021), [https://www.nerc.com/pa/rrm/ea/Documents/Odessa\\_Disturbance\\_Report.pdf](https://www.nerc.com/pa/rrm/ea/Documents/Odessa_Disturbance_Report.pdf). See also NERC and Western Electricity Coordinating Council Staff Report, *Multiple Solar PV Disturbances in CAISO: Disturbances between June and August 2021* (Apr. 2022), [https://www.nerc.com/pa/rrm/ea/Documents/NERC\\_2021\\_California\\_Solar\\_PV\\_Disturbances\\_Report.pdf](https://www.nerc.com/pa/rrm/ea/Documents/NERC_2021_California_Solar_PV_Disturbances_Report.pdf).

<sup>11</sup> NERC, *1,200 MW Fault Induced Solar Photovoltaic Resource Interruption Disturbance Report: Southern California 8/16/2016 Event* (Jun. 2017), [https://www.nerc.com/pa/rrm/ea/1200\\_MW\\_Fault\\_Induced\\_Solar\\_Photovoltaic\\_Resource\\_/1200\\_MW\\_Fault\\_Induced\\_Solar\\_Photovoltaic\\_Resource\\_Interruption\\_Final.pdf](https://www.nerc.com/pa/rrm/ea/1200_MW_Fault_Induced_Solar_Photovoltaic_Resource_/1200_MW_Fault_Induced_Solar_Photovoltaic_Resource_Interruption_Final.pdf).

Additionally, the technology that is available to plan, operate, and secure the bulk power system continues to evolve. Broader trends toward virtualized environments and cloud computing offer opportunities for enhanced operations and security, as well as cost savings. However, the risks associated with such technologies must be considered and mitigated, and the current Reliability Standards revised, before entities may realize the full benefits from these technologies.

## **NERC’s Standard Development Processes Must be Sufficiently Nimble and Agile to Address the Reliability Challenges of the Transforming Grid**

To address the reliability challenges of the transforming grid, NERC must take a fresh look at its standards processes to ensure that they are as nimble and agile as they can be, and that NERC is using existing efficiencies well. Efforts in recent years have focused on improving the efficiency of the Reliability Standards, based on a more mature understanding of what a Reliability Standard should be and how it should be written. Efforts have also focused on enhancing NERC’s risk-based registration, compliance monitoring, and enforcement processes, as well as developing other components of NERC’s Reliability Toolkit, such as Reliability Guidelines. In recent years, NERC has paid less attention to improving the core Reliability Standards development process. Given the rapid transformation of the grid, and associated risks, potential enhancements to the development process now warrant renewed attention.

NERC has had notable successes in recent years developing Reliability Standards to address urgent reliability risks on tight timelines. These successes include, among others, the development of new and revised Reliability Standards to address:

- Cold weather (first round, through Project 2019-06)
- Cybersecurity, through version 5 of the CIP Reliability Standards
- Physical security
- Supply chain risk management
- Geomagnetic disturbance mitigation

During that time, however, other projects addressing important issues did not proceed nearly as quickly. For example, while Project 2019-06 managed to complete development of the cold weather Reliability Standards within approximately eight months from start of drafting, the project team encountered significant resistance in the SAR, or project-scoping phase, which took approximately one year to complete. Reliability Standards to address cold weather impacts were not developed until four cold weather system events had occurred within a decade, even though a SAR had been submitted to address cold weather issues following the first of these events in 2011.

Other projects with notably extended timeframes included:

- Project 2015-09 Establish and Communicate System Operating Limits (2015-2021)
- Project 2007-02 Operating Personnel Communications Protocols (2007-2014)
- Project 2015-10 Single Points of Failure TPL-001 (2015-2018)

In the years leading up to the pandemic, the average time from the date a SAR was initially presented to the Standards Committee to when the Standards Committee authorized drafting to proceed stretched from an average of approximately four months for projects initiated in 2016 to approximately an average of nine months for projects initiated in 2019.<sup>12</sup> While NERC did slow down the rate of development during the early months of the pandemic in 2020, the SAR phase still required an average of approximately 9 months to complete. In some cases, the SAR phase

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<sup>12</sup> The first presentation of a SAR includes either the first request to accept the SAR or first request to authorize posting the SAR, whichever is the first time the Standards Committee reviewed a SAR. This also includes SARs that cover topics that are substantively similar to SARs that may be presented again to the Standards Committee after initial action.

constituted nearly 40 percent or more of the total time needed to complete a project, with notable examples including Project 2018-04 (Modifications to PRC-024) at approximately 38 percent, and Project 2019-06 (Cold Weather) at approximately 60 percent.<sup>13</sup> Both of these projects were initiated to address emerging reliability issues that resulted from past events, but were not the subject of regulatory directives.

In a number of cases, the project time to completion reflected the complex nature of the reliability issues being addressed, and differing opinions among NERC's stakeholders regarding the optimal ways to address those issues. In other cases, the project time to completion may have reflected a lower prioritization of the project relative to more pressing reliability needs or projects with regulatory deadlines, along with staffing limitations. In many cases, procedural efficiencies or flexibilities could have resulted in a quicker resolution of the project.

Given the increasing pace of change on the grid, it is more important than ever that NERC explore opportunities to reduce inefficiencies that may have added to project times. In this context, "inefficiencies" refers to those process steps or practices that are not necessary to provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing standards. In many cases, these "inefficiencies" provide little, or no, value to the standard development process.

While special consideration should be paid to streamlining projects that address urgent reliability needs, NERC should seek opportunities for efficiencies in all projects, regardless of whether they are initiated by NERC staff, stakeholders, or in response to a regulatory directive. Such efficiencies should not come at the expense of stakeholder participation, but should focus on the most useful and effective ways to develop results-based, consensus-driven Reliability Standards.

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<sup>13</sup> The total time to complete a project starts with first presentation of the SAR to the Standards Committee and ends with the last day of final ballot. This does not include the time allotted to Board adoption or FERC approval, nor does it extend to the effective date of the standard, which may be some years later in accordance with an approved implementation plan.

## Chapter 2: Stakeholder Input and Transparency are Integral to the ERO Model

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

As the ERO, NERC is legally required under Section 215(c)(2)(D) of the Federal Power Act to “provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards.”<sup>14</sup> A model meeting these standards has many benefits, including that it draws upon the technical expertise and insights of NERC's stakeholders to develop consensus standards. NERC has traditionally used its accreditation by ANSI to demonstrate that NERC's process meets certain accepted benchmarks for inclusivity and transparency. While ANSI accreditation is one means of ensuring that NERC's processes are open and inclusive, it is not the only means. NERC is unique among ANSI-accredited developers, in that NERC develops standards so that they can become mandatory and enforceable under established international legal and regulatory frameworks. Hence, benchmarks that may work well for the development of voluntary ANSI standards may not be the best fit for developing mandatory Reliability Standards that require regulatory approval and must respond to regulatory directives.

As discussed below, NERC and its stakeholders should examine whether following ANSI procedural rules, or more aptly NERC-specific analogues to the ANSI procedural rules, is the best path forward for NERC as it seeks to address the complex challenges of the transforming grid. An alternative model that incorporates the core ANSI principles, but tailors implementation of those principles for NERC's specific needs and circumstances, could also provide for an open and inclusive process that balances the various industry, consumer, and governmental interests in reliability and is transparent in its decision-making. Such an alternative could provide NERC with the flexibility it needs to address urgent reliability needs with appropriate agility.

### **As the ERO, NERC Must Provide for Reasonable Notice and Opportunity for Public Comment, Due Process, Openness, and Balance of Interests in Standards Development**

To maintain its certification as the Electric Reliability Organization under Section 215 of the Federal Power Act, NERC must have “rules that provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties.”<sup>15</sup>

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

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<sup>14</sup> 16 U.S.C. § 824o(c)(2)(d); see also 18 C.F.R. § 39.3(b)(2)(iv).

<sup>15</sup> *Id.*



As a means of satisfying the statutory requirements, NERC has maintained a standard development process that meets the criteria for accreditation by ANSI.<sup>16</sup> ANSI is the only accreditor of U.S. standards developers. According to ANSI, accreditation signifies that the standards developer is committed to an open, fair, and time-tested consensus process that benefits stakeholders. ANSI-accredited standards developers must comply with the requirements contained in the *ANSI Essential Requirements: Due Process Requirements for American National Standards* (“*ANSI Essential Requirements*”).<sup>17</sup> This document contains the 10 “Essential Requirements” for due process (Section 1.0), “benchmarks” (i.e. procedural requirements) relative to the implementation of the Essential Requirements (Section 2.0), normative policies that accredited developers must follow (Section 3.0), administrative procedures including accreditation (Section 4.0), and normative policies and procedures for those accredited standards developers seeking to obtain ANSI audited designator status (Section 5.0).

In Order 672 establishing rules for the certification of the Electric Reliability Organization, FERC has held that while ANSI accreditation would be an acceptable approach for satisfying the statutory requirement for an open and inclusive process, FERC would not require it. FERC stated:

Although we are not requiring that the ERO adopt an ANSI-certified approach to meet all of the requirements of section 39.3, we find that ANSI-accreditation is one reasonable means of doing so. We agree... that a process like the ANSI-certified process would ensure openness and balance the interests of stakeholders. However, we are concerned about the time it may take to develop a Reliability Standard under the ANSI-certified process.<sup>18</sup>

Indeed, FERC contemplated that an alternative method may be used to satisfy the criteria, so long the chosen method provides for fair representation of all views. FERC stated:

Regardless of the method proposed by an ERO candidate to ensure due process, openness, and balance of interests in developing a Reliability Standard and otherwise exercising its duties, the ERO application must describe how the ERO applicant would provide for fair representation of all views in its process for developing a proposed Reliability Standard.<sup>19</sup>

Nearly all ANSI-accredited standards developers submit standards to ANSI for approval as American National Standards and maintain their accreditation through periodic ANSI audits of their development processes. NERC has not submitted a standard to ANSI to date, given that it must submit its standards to FERC and other Canadian jurisdictions for approval. Instead, it maintains its accreditation through an alternative process of periodic reaccreditation requests. NERC submitted its most recent reaccreditation request in July 2019, and that request remains pending. Until ANSI acts on NERC’s request, NERC maintains its accreditation.

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<sup>16</sup> As discussed in later sections of this document, NERC has also maintained special standard development processes that are not consistent with all applicable ANSI requirements in order to address FERC directives and meet its obligations under Section 215 of the Federal Power Act.

<sup>17</sup> American National Standards Institute, *ANSI Essential Requirements: Due Process Requirements for American National Standards* (last rev. March 2, 2022), <https://www.ansi.org/american-national-standards/ans-introduction/essential-requirements>. When referring to this document, including the benchmarks and normative policies, NERC Staff will use the short form “*ANSI Essential Requirements*.” In referring to only the 10 Essential Requirements, described in Section 1.0 of that document, NERC will use the phrase Essential Requirements.

<sup>18</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104 (2006) at P 269.

<sup>19</sup> *Id.* at P 270.



NERC is unique among ANSI-accredited standards developers, as it is a regulatory body that develops its standards in the context of a multi-national, multi-jurisdictional framework in which entities are required to comply with all applicable standards upon receipt of any necessary regulatory approvals. Stated differently, NERC Reliability Standards are developed for the purpose of becoming mandatory. The different jurisdictions in which NERC operates have varying authorities by which they may direct NERC to develop or revise standards or initiate revisions on their own. This complex framework does not lend itself well to the ANSI process.

Further, NERC is required to maintain special processes – outside of the usual ANSI accredited process – to ensure it can develop Reliability Standards in fulfillment of its statutory mission and to respond to regulatory directives. In fact, any Reliability Standard NERC develops using one of these special processes is not even eligible for submission as a potential ANSI standard candidate. This is because NERC must deviate from the ANSI procedural requirements in some respect in order to fulfill its statutory obligation, whether that is by:

- using abbreviated comment and ballot periods in order to meet a regulatory deadline under Standard Processes Manual Section 16.0, Waiver;
- using confidential comment and ballot procedures to address a confidential national security emergency situation under Standard Processes Manual Section 10.0, Processes for Developing a Reliability Standard Related to a Confidential Issue; or
- approving a Reliability Standard addressing a regulatory directive without the required two-thirds ballot body approval under Rules of Procedure Section 321, Special Rule to Address Certain Regulatory Directives.

Since NERC's certification as the ERO, NERC's stakeholders have greatly valued ANSI accreditation, and NERC is required to maintain such accreditation under the NERC Rules of Procedure. As the above examples indicate, however, ANSI procedural rules are not always the best fit for NERC's regulatory framework. Further, it is not clear the extent to which ANSI will continue to accredit NERC's processes absent active participation in the ANSI process.

## **Recommendation 1: NERC Should Eliminate the Requirement for ANSI Accreditation while Maintaining an Open, Inclusive, Flexible, and Agile Standards Development Process Consistent with ANSI's Essential Requirements**

NERC Staff suggests that NERC consider an alternative framework for standards development. Under this framework, NERC would continue to incorporate the Essential Requirements identified by ANSI, but it would have the ability to deviate from the specific ANSI procedural benchmarks and normative policies required for continued ANSI accreditation where necessary and appropriate to develop mandatory standards subject to regulatory approvals and directives.

Such a framework would provide more flexibility to develop mandatory Reliability Standards to meet urgent reliability needs, while preserving an open and inclusive process that balances the various industry, consumer, and governmental interests in reliability and is transparent in its decision-making. Under such a framework, NERC would no longer have the obligation to adhere to all ANSI procedural requirements attendant to continued accreditation. This would provide opportunities for efficiency and streamlining. The associated financial and staff burdens associated with maintaining ANSI accreditation would also end. However, NERC's Rules of Procedure would still provide for the key elements of an ANSI standard setting process, implemented in a manner that is consistent with NERC's regulatory mission.

ANSI defines the Essential Requirements as follows:<sup>20</sup>

**1.1 Openness**

Participation shall be open to all parties who are directly and materially interested in the activity in question. There shall be no undue financial barriers to participation. Voting membership on the consensus body shall not be conditional upon membership in any organization, nor unreasonably restricted on the basis of technical qualifications or other such requirements.

**1.2 Lack of dominance**

The standards development process shall not be dominated by any single interest category, individual or organization. Dominance means a position or exercise of dominant authority, leadership, or influence by reason of superior leverage, strength, or representation to the exclusion of fair and equitable consideration of other viewpoints.

**1.3 Balance**

The standards development process should have a balance of interests. Participants from diverse interest categories shall be sought with the objective of achieving balance. If a consensus body lacks balance in accordance with the historical criteria for balance, and no specific alternative formulation of balance was approved by the ANSI Executive Standards Council, outreach to achieve balance shall be undertaken.

**1.4 Coordination and harmonization**

Good faith efforts shall be made to resolve potential conflicts between and among existing American National Standards and candidate American National Standards.

**1.5 Notification of standards development**

Timely and adequate notice of standards development activity shall be announced in media suitable to demonstrate that a meaningful opportunity for participation, debate and deliberation by all directly and materially interested parties in a fair and equitable manner was provided.

**1.6 Consideration of views and objections**

Prompt consideration shall be given to the written views and objections of all participants, including those commenting on the PINS [Project Initiation Notification System] announcement or public comment listing in Standards Action.

**1.7 Consensus Vote**

Evidence of consensus in accordance with these requirements and the accredited procedures of the standards developer shall be documented.

**1.8 Appeals**

Written procedures of an ANSI-Accredited Standards Developer (ASD) shall contain an identifiable, realistic, and readily available appeals mechanism for the impartial handling of procedural appeals regarding any action or inaction. Procedural appeals include whether a technical issue was afforded due process.

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<sup>20</sup> ANSI Essential Requirements at Section 1.0, Essential Requirements for Due Process.

### 1.9 Written procedures

Written procedures shall govern the methods used for standards development and shall be available to any directly and materially interested party.

### 1.10 Compliance with normative American National Standards policies and administrative procedures

All ANSI-Accredited Standards Developers (ASDs) are required to comply with the normative policies and administrative procedures established by the ANSI Executive Standards Council.

NERC's Rules of Procedure presently capture these principles regarding NERC's standard development process. Section 304 of the Rules of Procedure identifies the key elements of NERC's standard development process as follows:

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.

Section 1.4 of the Standard Processes Manual, The Essential Attributes of NERC's Reliability Standards Process, elaborates further on the key elements of NERC's process as follows:<sup>21</sup>

- **Open Participation**

Participation in NERC's Reliability Standards development balloting and approval processes shall be open to all entities materially affected by NERC's Reliability

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<sup>21</sup> The Standard Processes Manual also includes NERC's appeal policy and the ANSI normative policies relevant to NERC (e.g., interpretation policy, periodic review process), consistent with the Sections 1.8 and 1.10 of the Essential Requirements. (NERC separately maintains an Antitrust Policy applicable to all settings.) Other ANSI normative policy requirements (e.g., related to patents and commercial terms and conditions) are not applicable to NERC's work.

Standards. There shall be no financial barriers to participation in NERC's Reliability Standards balloting and approval processes. Membership in the Registered Ballot Body shall not be conditional upon membership in any organization, nor unreasonably restricted on the basis of technical qualifications or other such requirements.

- ***Balance***

NERC's Reliability Standards development processes shall not be dominated by any two interest categories, individuals, or organizations and no single interest category, individual, or organization is able to defeat a matter.

NERC shall use a voting formula that allocates each industry Segment an equal weight in determining the final outcome of any Reliability Standard action. The Reliability Standards development processes shall have a balance of interests. Participants from diverse interest categories shall be encouraged to join the Registered Ballot Body and participate in the balloting process, with a goal of achieving balance between the interest categories. The Registered Ballot Body serves as the consensus body voting to approve each new or proposed Reliability Standard, definition, Variance, and Interpretation.

- ***Coordination and harmonization with other American National Standards activities***

NERC is committed to resolving any potential conflicts between its Reliability Standards development efforts and existing American National Standards and candidate American National Standards.

- ***Notification of standards development***

NERC shall publicly distribute a notice to each member of the Registered Ballot Body, and to each stakeholder who indicates a desire to receive such notices, for each action to create, revise, reaffirm, or withdraw a Reliability Standard, definition, or Variance; and for each proposed Interpretation. Notices shall be distributed electronically, with links to the relevant information, and notices shall be posted on NERC's Reliability Standards web page. All notices shall identify a readily available source for further information.

- ***Transparency***

The process shall be transparent to the public.

- ***Consideration of views and objections***

Drafting teams shall give prompt consideration to the written views and objections of all participants as set forth herein. Drafting teams shall make an effort to resolve each objection that is related to the topic under review.

- ***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.

- ***Consensus vote***

NERC shall use its voting process to determine if there is sufficient consensus to approve a proposed Reliability Standard, definition, Variance, or Interpretation. NERC shall form a ballot pool for each Reliability Standard action from interested

members of its Registered Ballot Body. Approval of any Reliability Standard action requires:

- A quorum, which is established by at least 75% of the members of the ballot pool submitting a response excluding unreturned ballots; and
- A two-thirds majority of the weighted Segment votes cast shall be affirmative. The number of votes cast during all stages of balloting except the final ballot is the sum of affirmative and negative votes with comments, excluding abstentions, non-responses, and negative votes without comments. During the final ballot, the number of votes cast is the sum of affirmative and negative votes, excluding abstentions and non-responses.

- **Timeliness**

Development of Reliability Standards shall be timely and responsive to new and changing priorities for reliability of the Bulk Power System.

- **Metric Policy**

The International System of units is the preferred units of measurement in NERC Reliability Standards. However, because NERC's Reliability Standards apply in Canada, the United States and portions of Mexico, where applicable, measures are provided in both the metric and English units.

NERC Staff recommends that these key elements and attributes as presently defined in NERC's Rules of Procedure remain the same, although NERC would no longer be required under its rules to maintain ANSI accreditation. NERC Staff further recommends that the processes for revising NERC's standard development process remain unchanged; that is, any changes to the Rules of Procedure would continue to require NERC Board and regulatory approvals, and any changes to the Standard Processes Manual would continue to require ballot body, NERC Board, and regulatory approvals. Preserving these processes would help ensure any changes would result in a process that continues to remain consistent with the key elements highlighted above.

**Attachments A and B** demonstrate a suggested approach for implementing an alternative standards development framework in the NERC Rules of Procedure, consistent with the other recommendations provided herein.

## Chapter 3: Recommendations for Standards Process Improvements

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This section provides a series of recommendations to enhance the efficiency of the Reliability Standards process. Many of these recommendations can be accomplished within the existing, ANSI-accredited framework. In fact, many can be accomplished through clarifying existing language and authorities. Other recommendations may require formal process revisions, or would provide efficiencies in the NERC standards process by reducing procedural steps that are required by ANSI but may not necessarily provide a corresponding benefit in the context of NERC's regulatory framework.

NERC Staff's recommendations seek to preserve the core principles of an ANSI-accredited process, such as notice of standards development, opportunity for public comment, and voting on standards, while enhancing NERC's ability to respond to urgent reliability needs through Reliability Standards development, improving efficiency in the standards process, and streamlining standards process administration. To aid stakeholder understanding of the potential implications of the recommended changes, NERC Staff has indicated where a particular recommendation would result in process changes that NERC Staff believes are consistent with ANSI procedural requirements, and those where it would result in changes that may not be consistent with ANSI procedural requirements. Ultimately, the final determination rests with ANSI.

### **Recommendation 2: NERC Should Streamline the Standard Authorization Request Process to Facilitate the Timely Development of Reliability Standards**

Consistent with ANSI requirements, NERC is required to provide notice of new standards projects. NERC meets these procedural requirements through the SAR process. The focus of the SAR phase is to define the project scope, identify the entities or standards that will be affected, and estimate the degree of stakeholder support for the project, which may include assessing the sufficiency of the technical justification for it. As a project scoping and notice document, the SAR itself is posted for comment but is not subject to ballot body approval. It is expected that stakeholders will comment and vote on the associated draft Reliability Standards when they are posted for comment and ballot.

NERC Staff recommends that NERC maintain the SAR phase of standard development, as it serves several important roles, including:

- notifying stakeholders of new projects, including putting registered entities on notice that their compliance obligations may be changing;
- establishing the proper scope for a standard development project, to aid in project management, identifying the resources and experts that would be needed for completion, and establishing stakeholder expectations; and
- starting the consensus-building part of the standard development process; particularly, regarding the need for the project (i.e. the reliability problem to be solved) and the potential solutions for addressing it.

There are opportunities, however, to improve how NERC administers this aspect of the standard development process. NERC Staff believe that, for many projects, the SAR phase has become overly focused on identifying potential solutions to a problem, rather than building out the basis for the problem the project is purporting to solve. Prescriptive or limiting language in a SAR could hamper a drafting team's ability to consider alternate approaches raised by stakeholders during comment periods. The inclusion of restrictive language in SARs frequently adds time to standards development by foreclosing potential consensus approaches to addressing an identified reliability need or prompting the need for SAR re-postings mid-development to pursue those approaches. In the interest of transparency and efficiency, which includes avoiding redundancy, each project should spend the bulk of its time on drafting standards and soliciting feedback on specific standard language rather than attempting to prescribe project

outcomes or achieve industry unanimity on the potential solutions through a lengthy project-scoping phase. A more flexible and expansive approach toward SAR development should be one that focuses more on the reliability problem to be solved and establishing a strong technical foundation for the work ahead, rather than the specific means to solve it. Such an approach would provide drafting teams with flexibility to address identified reliability issues in the ways deemed best by the team and NERC's stakeholders, without adding undue delays for SAR re-postings. By focusing more on the problem to be solved rather than the proposed means to solve it, this approach would also lay a more solid foundation for determining when a project has "sufficient stakeholder support" and should be continued, or when it does not have sufficient stakeholder support and should be curtailed under Section 4.2 of the Standard Processes Manual.

Below are several recommendations intended to provide flexibility and enhance efficiency in the SAR phase of standards development. NERC Staff bases its recommendations on observations of recent standard development projects and the insights of the SPSEG. *If implemented, all of these recommendations would be consistent with ANSI requirements.*

### **Recommendation 2a: Improve the SAR Form to Drive Clarity on the Reliability Issues to be Addressed through a Proposed Project**

At its heart, the SAR Form is a "tool" to provide notice to stakeholders on new projects and to guide the development of Reliability Standards. NERC Staff recommends enhancing the use of this tool by revising the SAR template form to focus on:

- the reliability problem or need for a given project;
- the proposed scope of work; and
- information to aid in project prioritization, such as applicable directives, Reliability Issues Steering Committee (RISC) prioritization, risk areas identified in reliability assessments, or other relevant information.

To promote the effective communication of information across NERC functional areas (technical, standards, compliance monitoring and enforcement), NERC Staff recommends that a diverse cross-functional group, such as the Standing Committee Coordination Group, be charged with reviewing the template and recommending revisions consistent with the goals above.

### **Recommendation 2b: Create Single Drafting Teams for Standard Development Projects**

NERC Staff recommends that the Standards Committee appoint a single standard drafting team for a given project, consistent with existing requirements in the Standard Processes Manual, instead of first appointing a SAR drafting team and then the standard drafting team. These teams nearly always consist of the same individuals. This would create the expectation of continuity among development phases and reduce an unneeded procedural step. Adopting this practice would also enable entities to better plan for committing resources to NERC projects.

### **Recommendation 2c: Provide Guidance to Drafting Teams on the Role of the SAR Phase**

Related to Recommendation 2a, NERC Staff recommends that the Standards Committee, working with NERC Staff, provide guidance to drafting teams on how they should approach the SAR phase for a given project. Drafting teams should describe accurately the scope of the issue, the technical foundation, and, where appropriate, provide illustrative solutions that could be considered. The drafting team, however, should not attempt to limit potential outcomes through prescriptive or limiting language, which could hamper a drafting team's ability to consider alternate approaches raised by stakeholders during comment periods. As discussed below, NERC Staff also recommends enhancements to how NERC solicits stakeholder feedback for new projects.



### **Recommendation 2d: Streamline Processes for SARs that Have Already Had Some Vetting by Industry or Respond to a Directive and are Eligible to be Posted for Informal Comment Periods**

The current Standard Processes Manual provides that SARs that have had industry vetting or respond to a directive may be posted for an informal comment period, in which the drafting team considers the comments in determining next steps, but is not required to provide a formal response to every comment submitted. For these projects, certain enhancements to how the Standards Committee administers the current Standard Processes Manual would streamline the process further. These enhancements would not necessarily require changes to the Standard Processes Manual, but could be implemented through Standards Committee processes, guidance documents, or resolutions to address the following:

- The Standards Committee should create a presumption that all SARs endorsed by the Reliability and Security Technical Committee have had “some industry vetting” under Standard Processes Manual Section 4.2 and should be posted for informal comment. The Standards Committee may also extend this presumption to other industry stakeholder groups, or the list of organizations that are pre-qualified to submit compliance guidance.<sup>22</sup> The presumption would be that the submitted SARs are technically valid.
- The Standards Committee should clarify that “re-acceptance” of SARs is not required for SARs that are posted for informal comment and whose scope is not materially changed in response to comments.
- To the extent necessary, the Standards Committee may refer material changes made to any RSTC-endorsed SAR as a result of comments back to the RSTC for technical review.

Additionally, should a new process be created to enable the NERC Board of Trustees to issue directives (see Recommendation 5, below), projects to address such directives should, like FERC directives, be included in the category of projects for which the SARs may be posted for informal comment, recognizing that meaningful opportunities for stakeholder feedback would be provided through that directive process.

These recommendations, if implemented, should reduce the standards process by an estimated three to four months and reduce burden on NERC Staff and its stakeholders, thereby freeing time for other work. Posting for informal comment should not discourage commenters from recommending changes to the SAR. Informal comments are very useful to the development process. Posting for informal comment relieves the drafting team of the responsibility of responding to each comment separately in writing prior to seeking authorization to begin drafting. Drafting teams typically consider the comments received when moving forward.

### **Recommendation 2e: Enhance RSTC Processes for Endorsing Draft SARs to Improve Transparency and Awareness**

Related to Recommendation 2d, NERC Staff recommends that the RSTC enhance its process for endorsing draft SARs prepared by its subcommittees and working groups by increasing transparency and stakeholder awareness of this process. This will allow stakeholders to feel more confident the SARs have had “some vetting in industry” as is required for posting for informal comment under Section 4.2 of the Standard Processes Manual.

### **Recommendation 2f: Streamline Processes for SARs that Must be Posted for Formal Comment**

NERC Staff recommends a series of enhancements to how the NERC Staff and the Standards Committee administer the current Standard Processes Manual as it relates to SARs that are not eligible for informal comment periods. These enhancements would apply to those SARs that have not been submitted to respond to a directive or have not had some vetting by industry as determined by the Standards Committee. Building upon earlier recommendations

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<sup>22</sup> More information on NERC’s Compliance Guidance policy, including the current list of Pre-Qualified Organizations, is available at <https://www.nerc.com/pa/comp/guidance/Pages/default.aspx>.

intended to provide clarity as to the purpose of SARs, these recommendations provide clarity on the proper role of the Standards Committee as it relates to the sufficiency of the technical support for SARs and guidance as to when drafting teams should repost their draft SARs. These enhancements would not necessarily require changes to the Standard Processes Manual, but may consist of Standards Committee processes, guidance documents, or resolutions to address the following:

- The Standards Committee should clarify existing rules that technical vetting may be achieved by referral to a technical committee or through a 30-day comment period held just for that purpose, and should not be undertaken by the Standards Committee members at Committee meetings (see Standard Processes Manual Section 4.1). While potentially adding time to this stage of the development process, this step should result in better technical vetting while strengthening the Standards Committee’s procedural oversight role. This could result in time savings at later stages of the process.
- The Standards Committee should provide guidance to drafting teams on how to assess whether a project has “sufficient stakeholder support” to move forward (see Standard Processes Manual Section 4.2). This guidance should recognize that the purpose of the SAR process is to seek general consensus for the need of the project and give notice to the entities whose obligations will be affected, but that SARs themselves are not balloted and as such there can be a negative bias in comments received.
- Related to the previous item, the Standards Committee, working with NERC Staff, should provide drafting teams with guidance on specific questions to use during formal comment periods to evaluate stakeholder support for a SAR and identify changes that would build consensus for the project. This information would enhance the SAR development process and aid the Standards Committee in its procedural oversight role, including, where necessary, curtailing projects that do not have sufficient stakeholder support and for which further work would be futile.

For example, drafting teams could use a series of questions like the following:

- Do you support the project as proposed and believe it should move forward?
- If “no,” explain your specific concerns and the reasons why this project should not move forward.
- If there are specific changes to the SAR that would lead you to support the project, please indicate them here.

### **Recommendation 2g: Improve Processes for Prioritizing SARs**

In recent years, a number of projects have been initiated to address new and emerging reliability issues and regulatory directives. The annual Reliability Standards Development Plan provides a snapshot of project prioritization at one moment in time. However, SARs are submitted and projects must be prioritized throughout the year. NERC Staff recommends reviewing the current processes for project prioritization to ensure that:

- these processes are effective and sustainable;
- NERC and industry are using their standard development resources effectively to address, in a timely manner, the most urgent reliability concerns;
- projects are proceeding in accordance with expectations and prioritization; and
- feedback loops are maintained across the different NERC functional areas (technical, standards, compliance monitoring and enforcement).

To identify potential areas for improvement consistent with these goals, NERC Staff recommends that the Standing Committee Coordination Group (SCCG) perform a regular review of standards projects and assigned prioritization.

This regular review would be in addition to, and would not replace, the regular project oversight role provided by the Standards Committee Project Management Oversight Subcommittee (PMOS).

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If implemented, these SAR process recommendations would strengthen the development record for a given project, create clear expectations for stakeholders regarding both the role of the SAR in the standard development process and what they can expect from a given project, and enhance transparency and efficiency in the SAR process. In so doing, the process would avoid project delays that may limit the amount of time that can be dedicated toward developing consensus standard language.

### **Recommendation 3: NERC Should Streamline Standards Balloting**

NERC Staff recommends a series of enhancements to streamline the processes for standards balloting, including processes for authorizing initial ballots, as follows:

#### **Recommendation 3a: Clarify the Circumstances under which a Section 16.0 Waiver May be Used**

Standard Processes Manual Section 16.0: Waiver, states the circumstances under which the provisions of the Standard Processes Manual may be waived. Typically, when waivers have been granted, they shorten required comment and ballot periods so that a project may meet a regulatory or Board deadline. The waiver provision, however, is not limited to such circumstances. Section 16.0 provides that provisions may also be waived in the following circumstances:

Where the Standards Committee determines that a modification to a proposed Reliability Standard or its Requirement(s), a modification to a defined term, a modification to an Interpretation, or a modification to a Variance has already been vetted by the industry through the standards development process or is so insubstantial that developing the modification through the processes contained in this manual will add significant time delay.

This provision has not been used at all in recent years, although it could be used to provide for both procedural efficiency and better, more consensus-driven Reliability Standards. For example, the Standard Processes Manual requires standards to be posted for an additional comment and ballot if a “substantive change” is made in response to comments. This provision has the effect of discouraging teams from making additional changes to standards that have passed ballot. This is true even when the changes are suggested by an overwhelming majority of commenters, and the drafting team believes the changes would improve the standard. As another example, stakeholders occasionally identify that, while they agree with a particular draft requirement, it belongs in a different Reliability Standard than the one being balloted. Under the current rules, the drafting team may need to develop and post a separate SAR and seek Standards Committee authorization to revise and post that standard for an initial ballot. This adds months to the project schedule to make what is a consensus change.

NERC Staff recommends that the Standards Committee consider using Section 16.0 Waiver to shorten the usual processes for making changes such as those described above, where the change has already been vetted through the process and, if made, would advance the goal of producing consensus, quality standards.

*Standards developed using Section 16.0 Waiver are not (and have not been) consistent with ANSI requirements. This fact supports the need to eliminate the requirement that NERC’s process must be ANSI accredited.*

### **Recommendation 3b: Consider Alternatives to Usual Standards Committee Procedures to Keep Standards Projects Advancing between Meetings**

Occasionally, standard development projects encounter situations where the Standards Committee needs to take additional action, beyond authorizing drafting and initial postings, in order for the project to proceed.

For example, occasionally a standard drafting team will receive comments in response to a standards posting that suggest an alternative and potentially superior approach to address an issue. If the project SAR is overly prescriptive and does not allow for consideration of the alternative approach, the drafting team may feel compelled to follow the original SAR to avoid a lengthy project delay associated with the process for posting a revised or supplemental SAR. The recommendations discussed above regarding SARs should eliminate many of these issues by drafting SARs with more flexibility to address the identified reliability need. In rare cases, however, it may serve the interests of notice and transparency to re-post a revised SAR and solicit comments on the new approach.

As another example, standard drafting teams occasionally find themselves short of the required subject matter expertise due to retirements, resignations, or a shift in project approach, and they would like NERC to solicit for additional drafting team members to supplement their team.

Under the usual procedures, teams may need to wait several weeks for the Standards Committee to address their procedural requests at a regularly scheduled meeting before they can proceed with development.

NERC Staff therefore recommends the Standards Committee increase the use of the Executive Committee to move the standards process along more efficiently between meetings when minor administrative matters or SAR revisions require action advancing in-between meetings, and to revise its Charter to clarify the procedures used by the Executive Committee. Specifically, NERC Staff recommends the Standards Committee do the following:

- Revise the Standards Committee’s Charter to expand the authority of the Executive Committee to authorize administrative actions (e.g. posting for supplemental nomination periods and posting for supplemental SARs for projects in active development);
- Revise the Standards Committee Charter (or, in the alternative, delegate by Standards Committee action) to provide the Executive Committee with the authority to approve procedural actions relating to supplemental or revised SARs postings during the standard drafting phase, as well as the authority to allow shortened informal comment periods for such SARs;
- Revise the Standards Committee Charter to clarify that the Chair and Vice Chair are voting members of the Executive Committee, even though they are not voting members of the Standards Committee;
- Revise the Standards Committee Charter to allow for the option of electing five to seven members to the Executive Committee (an increase from the current fixed size of five), to allow for increased segment representation; and
- Revise the Standards Committee Charter to clarify that all actions of the Executive Committee must be: (1) open to the public; (2) documented in meeting minutes; and (3) reported out to the full Standards Committee at its next regularly scheduled meeting.

Additionally, NERC Staff recommends that the Standards Committee expand the use of the Consent Agenda during its regularly scheduled meetings to cover additional noncontroversial items (e.g., supplemental appointments, leadership replacements, errata).

Such actions could reduce the need for full meetings of the Standards Committee, or significantly shorten the time necessary to conduct such meetings, while also allowing standards projects to proceed at a reasonable pace.

*This recommendation, if implemented, would be consistent with ANSI requirements.*

### **Recommendation 3c: Eliminate the Requirement for a Final Ballot**

NERC’s process provides that a final ballot shall follow a successful initial or additional ballot, even where the drafting team is making no substantive changes to the draft standard. This part of NERC’s process satisfies the ANSI benchmark, associated with the Essential Requirement “Consideration of views and objections,” that voters have the opportunity to change their votes after reviewing how the drafting team considered their previous comments.<sup>23</sup>

NERC Staff has found that final ballot results are generally consistent with those of the preceding ballot, with few exceptions. On occasion, however, members of the ballot pool who abstained from previous ballots will vote in the final ballot. Such activity, when it occurs, does not provide the drafting team with meaningful information to develop consensus Reliability Standards. Further, the process of preparing a final ballot requires significant staff and drafting team resources.

For these reasons, and in the interest of procedural efficiency, NERC Staff recommends elimination of the final ballot step where the previous ballot achieved the requisite ballot body approval and the team is not proposing any substantive changes in the final language. Under this proposal, the drafting team would have the ability to make errata or non-substantive changes in the final version prior to Board adoption, without the need for a final or additional ballot.

Section 4.13 of the Standard Processes Manual defines a non-substantive revision as:

a revision that does not change the scope, applicability, or intent of any Requirement and includes but is not limited to things such as correcting the numbering of a Requirement, correcting the spelling of a word, adding an obviously missing word, or rephrasing a Requirement for improved clarity. Where there is a question as to whether a proposed modification is “substantive,” the Standards Committee shall make the final determination.

Section 12.0 of the Standard Processes Manual defines what is considered “errata”: an error, the correction of which would not change the scope or intent of a Reliability Standard and would have no material impact on the end users of the standard.

As noted above, where there is any question as to whether the change is properly considered errata or non-substantive, the Standards Committee shall make the final determination. Any substantive changes would need to be posted for an additional comment period and ballot to confirm industry acceptance.

In the interest of transparency, the Board would not consider the proposed standard until the ballot results are posted along with the results of the nonbinding polls and the drafting team’s consideration of comments. NERC Staff would make a public announcement to notify interested parties that the project has concluded.

This proposal would save at least several weeks from the typical project schedule and reduce the burden on the drafting team, staff, and registered ballot body voters associated with another ballot period.

*If implemented, this recommendation may not be consistent with ANSI requirements.*

### **Recommendation 3d: Create a Tiered Approach to Formal Comment Period Posting Requirements**

NERC’s process provides that, unless a shortened comment period is allowed under Section 16.0: Waiver, that draft Reliability Standards shall be posted for a 45-day formal comment period, with ballot to occur in the last 10 days. The 45-day comment period is the minimum allowed under the *ANSI Essential Requirements*.

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<sup>23</sup> ANSI, *Essential Requirements* at Section 2.6.

As noted in Recommendation 2a, drafting teams may be discouraged from pursuing substantive changes to draft standards that have passed the previous ballot because of the additional time and effort involved with an additional 45-day posting. Further, the scope of issues remaining tends to narrow as projects progress across multiple drafts and postings, reducing the need for longer comment period lengths. Therefore, NERC Staff recommends implementing a tiered comment period structure that specifies the minimum length of the posting, depending on which draft is posted for comment, as follows:

- Initial comment period/initial ballot: 45-day formal comment period, with ballot pools formed during the first 30 days, and initial ballot and nonbinding polls conducted during the last 10 days (current practice);
- First additional comment period/first additional ballot: 30-day formal comment period, with ballots and nonbinding polls conducted during the last 10 days; and
- Second and subsequent additional comment periods/additional ballots: 20-day formal comment period, with ballots and nonbinding polls conducted during the last 10 days.

The recommended timeframes for additional comment periods/ballots are *minimums* based on the usual trajectory for most projects. Drafting teams should have procedural flexibility to choose longer posting periods if their second or subsequent drafts are particularly complex or have significant or widespread changes from the prior posting, and the drafting team believes a longer posting period would aid stakeholders in reviewing the changes and providing comments that will help build consensus. The Standards Committee should establish guidance for drafting teams in determining when longer posting periods would be appropriate. Waivers granted under Section 16.0 may also alter these minimum requirements.

*If implemented, this recommendation may not be consistent with ANSI requirements.*

## **Recommendation 4: The Interpretations Process Should Enable NERC Staff to Draft Interpretations**

Section 7.0 of the Standard Processes Manual pertains to the development of Interpretations. Valid requests for interpretation should be handled efficiently and expeditiously. Many interpretation requests seek official confirmation of information already in the record, approval of a particular compliance approach, or are seeking confirmation of the meaning of the plain words of the standard, and thus are excluded from what is considered a “valid Interpretation request” under the Standard Processes Manual. As presently written, NERC Staff plays a significant role in recommending whether Interpretation requests should be accepted, authorized for posting, and approved by the Board, but the Interpretations themselves are developed by interpretation drafting teams appointed by the Standards Committee.

NERC Staff recommends that Section 7.0 of the Standard Processes Manual be revised to allow for the *option* of having the Standards Committee appoint NERC Staff to serve as the interpretation drafting team. Giving the Standards Committee this *option* (which would be in addition to—and would not replace—the current practice of appointing a stakeholder drafting team) may allow for the more timely development of Interpretations in certain cases, while respecting the competing demands NERC places on stakeholders for their time and expertise. Any Interpretations drafted by NERC Staff would still be subject to the usual processes for posting and ballot and regulatory approval. In other words, the ballot body would still be required to approve any NERC-staff drafted interpretation by a two-thirds weighted segment vote, the Board would still be required to approve the interpretation, and NERC would still be required to follow any usual regulatory approval processes. Additionally, like an industry drafting team, NERC Staff would be empowered to submit a SAR if it determined that the matter could not be resolved satisfactorily through the Interpretation process, and would need to be addressed through a standards modification instead.



*This recommendation, if implemented, would be consistent with ANSI requirements. ANSI requires standards developers to have an interpretations policy, but it does not address the content of that policy. Many ANSI-accredited developers have staff develop interpretations.*

## **Recommendation 5: The NERC Board of Trustees Should have the Authority to Direct the Development of Reliability Standards to Address Urgent Reliability Needs**

As noted above, Section 321 of the NERC Rules of Procedure, titled Special Rule to Address Certain Regulatory Directives, provides the NERC Board of Trustees expanded authority in standards development. This rule applies only when an applicable governmental authority, such as FERC, issues a directive, and the usual NERC standard development processes have failed to produce a consensus standard addressing that directive. In this situation, the Board of Trustees may:

- remand a proposed standard to the Standards Committee, with instructions and a timetable for action;
- convene a technical conference on a proposed standard that has failed to achieve industry consensus, instruct that it be re-balloted, and, if the ballot fails but achieves at least 60% approval, consider approval following notice, due consideration of the record, and the issuance of a finding that the standard meets the criteria for regulatory approval; or
- direct the Standards Committee to prepare a draft Reliability Standard, or direct NERC management to prepare a draft standard if the Standards Committee fails to do so, which the Board may consider for approval following a public comment period, due consideration of the record, and the issuance of a finding that the standard meets the criteria for regulatory approval.

Since this provision was instituted in 2011, the Board of Trustees has never had to adopt a standard that has not had the support of the ballot body. Importantly, NERC and its stakeholders have consistently risen to the challenge when an applicable governmental authority has directed new or revised Reliability Standards.

However, to maintain the integrity of the process in a rapidly changing environment, NERC and its stakeholders must similarly rise to the challenge when no regulatory directive is in place. Reliability Standards to address cold weather impacts are a prime example: it took four events within the span of a decade, along with strong action by the NERC Board of Trustees, to drive their completion. The transforming grid is presenting new challenges to reliability today, and these challenges must be addressed without hesitation.

NERC has responsibility under Section 215 of the Federal Power Act to develop, establish, and enforce Reliability Standards that will ensure the reliability of the bulk power system. The NERC Board of Trustees, elected by NERC's stakeholders, has a fiduciary responsibility to see that NERC is meeting its statutory responsibilities. If the NERC Board of Trustees believes that a Reliability Standard is essential to safeguard the reliability of the bulk power system, but it lacks the procedural tools to direct that a Reliability Standard be drafted through NERC's stakeholder process and submitted through the regulatory approval process so that it may be made effective, the Board cannot meet its essential fiduciary obligation in the public interest as intended by the statute.

Where standard development for an urgent reliability need is not proceeding at an acceptable pace, the Board should not be required to ask its regulator to direct NERC to act so it may meet its statutory responsibility. It would undercut the deference to the ERO Enterprise's technical expertise that Congress envisioned in drafting Section 215. Further, it could lead to the perception that the model for ensuring the reliability of grid on which so many depend is not up to the task.



For these reasons, NERC Staff recommends adding a new process to the Rules of Procedure by which the NERC Board of Trustees may issue directives to develop a Reliability Standard where the Board has determined development of a Reliability Standard is essential to provide an adequate level of reliability for the bulk power system. Such a procedure would enable significant flexibilities in Board-directed standards projects, such as streamlined SAR procedures. Such a procedure would also empower the Board to use the special rules in Section 321 of the Rules of Procedure when the usual standards process fails to produce a Reliability Standard addressing its directive or resolution. This authority would be in addition to the Board's existing authority to set deadlines for the completion of specific projects.

Consistent with the statutory and regulatory requirements, any new Board directive or resolution authority would provide for openness, transparency, and opportunity for public comment in the proceedings leading up to the issuance of the directive. The Board would be required to consider the comments of the Member Representatives Committee, ERO Enterprise staff, NERC technical committees, and regulators, as well as the existence of any current or planned stakeholder initiated projects to address the issue, in determining whether a Board-issued directive or resolution is just, reasonable, not unduly discriminatory, and in the public interest. Further, all proposed directives or resolutions would be posted for public comment in advance, and the comments considered by the Board, before the Board may issue the directive or resolution. Any entity that opposes a proposed Reliability Standard that emerges from such a process may contest the standard before FERC or its applicable governmental authority in accordance with the rules of that authority.

While NERC Staff does not believe such a provision would be used frequently, it would serve as an important procedural safety valve in the event an urgent reliability issue emerges that requires mitigation through new or revised Reliability Standards. Such a provision would also demonstrate that NERC and its stakeholders are at the vanguard of efforts to identify and mitigate risks to the bulk power system, and that the ERO model continues to be sufficient for ensuring the reliability and security of the twenty-first century power grid.

*Standards currently adopted pursuant to regulatory directives under Section 321 of the Rules of Procedure are not consistent with ANSI requirements. The same would be true for standards developed pursuant to Board of Trustees directives. However, the process for developing such standards does provide opportunity for industry participation in drafting and use of the NERC notice, comment, and balloting process, while allowing for a necessary standard to be approved and filed if consensus does not exist as normally required through industry balloting. Any Reliability Standards developed through that process may be contested with the regulator.*

An example approach for implementing this recommendation is provided in **Attachment A**.

## Chapter 4: Recommendations to Enhance the Administration of the Standards Process

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In addition to the procedural enhancements described above, NERC Staff recommends a series of improvements to the administration of the standard development process more generally. *If implemented, all of these recommendations would be consistent with ANSI requirements.*

### **Recommendation 6: Streamline Standard Drafting Team Responsibilities**

NERC Staff has two recommendations to revise the guidance currently provided to drafting teams.

First, NERC Staff recommends providing drafting teams with flexibility on whether they will develop any implementation guidance during standards development or after. Teams often expend significant time developing such guidance during active standards development. The ERO's decision to endorse such guidance or not, however, does not come until after regulatory approval of the standard, which often occurs months after conclusion of the drafting team project. Drafting teams should have the ability to re-convene after a final ballot has concluded to develop implementation guidance, if they deem that approach preferable. Drafting teams should continue to develop Technical Rationale and consider ways to preserve the history from previous versions of the standard in that document during active development.

NERC Staff also recommends emphasizing that drafting teams should work closely with NERC Legal and Compliance staff on the development of Violation Risk Factors and Violation Severity Levels. NERC Legal and Compliance staff should prepare the initial draft Violation Risk Factors and Violation Severity Levels for review and consideration by the drafting team, rather than the drafting team attempt to draft them in the first instance. While most teams follow this approach, not all do. Implementing this approach across all projects would provide teams with more time to focus on drafting standards language and supporting technical rationale while promoting consistency with FERC and NERC rules relating to the assignment of Violation Risk Factors and Violation Severity Levels.

### **Recommendation 7: Expand Participation in the Quality Review Process**

Section 4.6 of the Standard Processes Manual provides that NERC Standards Staff shall coordinate a quality review of standards documents prior to posting to assess whether the documents are within the scope of the associated SAR, whether the Reliability Standard is clear and enforceable as written, and whether the Reliability Standard meets the criteria specified in NERC's *Ten Benchmarks of an Excellent Reliability Standard* and criteria for governmental approval of Reliability Standards. Each quality review team consists of NERC Staff, including Legal and Compliance staff, as well as industry stakeholders. Recognizing the importance of this step in the drafting process, NERC Staff recommends that the Standing Committee Coordination Group explore ways to increase the pool of stakeholders available to perform quality reviews. They should seek expertise in a variety of areas, with an emphasis on adding expertise in compliance.

### **Recommendation 8: Review the Registered Ballot Body Criteria for Continued Appropriateness**

The NERC Registered Ballot Body presently consists of ten interest categories representing the various groups that have an interest in the reliability of the modern BPS, including the entities involved in owning, operating, maintaining, delivering, using, and overseeing the processes associated with BPS reliability.<sup>24</sup> The Registered Ballot Body provides balance in voting on Reliability Standards, in satisfaction of both the statutory and regulatory requirements for ERO

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<sup>24</sup> These interest categories, referred to as segments, are: (1) Transmission Owners; (2) Regional Transmission Organizations and Independent System Operators; (3) Load-Serving Entities; (4) Transmission Dependent Utilities; (5) Electric Generators; (6) Electricity Brokers, Aggregators, and Marketers; (7) Large Electricity End Users; (8) Small Electricity Users; (9) Federal, State, and Provincial Regulatory or other Governmental Entities; and (10) Regional Entities.

certification, as well as the Essential Requirements for ANSI-accredited standards developers. The general Registered Ballot Body segment framework has changed very little since NERC's initial certification as the ERO in 2006. Indeed, the current segment categories and criteria are very similar to those found in NERC's initial application for ANSI accreditation in 2002.

NERC Rules of Procedure Section 305.3.3 provides that NERC shall periodically review the Registered Ballot Body criteria to ensure that the process continues to be fair, open, balanced, and inclusive. Over the years, NERC has made relatively modest changes to the criteria to address issues raised by FERC, stakeholders, or identified by NERC in the administration of the Registered Ballot Body. Most recently, in 2022, NERC amended the criteria to clarify a member's responsibility to remove duplicate memberships in a segment following an organizational change, such as a merger or acquisition.

Given that the Registered Ballot Body has remained relatively stable since 2002, NERC Staff recommends initiating a broader review to assess whether the ten Segments that currently comprise the Registered Ballot Body and the associated qualification criteria continue to remain appropriate and reflective of the interests in reliability in the modern BPS. Through this review, NERC Staff and its stakeholders should assess historical participation rates and patterns in the Segments, and consider whether to consolidate certain Segments or amend the eligibility criteria to provide for continued fairness, openness, inclusivity, and balance in standards voting.

## Chapter 5: Conclusion

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Since 2007, mandatory Reliability Standards have played an integral role in addressing new and emerging risks to the reliability and security of the grid. In just fifteen short years, NERC and its stakeholders have developed an efficient and effective body of Reliability Standards and have advanced the principles of efficiency in NERC's standard development processes. These processes have sustained standards development well during this time. However, given the pace of change taking place on the bulk power system, NERC must continually improve its standard development processes to ensure that they are nimble and agile enough to keep pace with the speed at which novel risks are emerging. This modernization is vital to address the accelerating pace of change in the bulk power system that affects its reliability, resilience, and security.

NERC Staff has presented a series of recommendations for standard process improvements, which it believes would enhance NERC's ability to respond to urgent reliability needs through Reliability Standards development, as well as enhance efficiency for NERC Staff and stakeholder participants alike. These recommendations would enhance, and not reduce or replace, the role of stakeholder feedback in NERC's standard development processes. Stakeholder participation through an open and transparent process is key to the success of the ERO model.

NERC Staff appreciates the insights and participation of the SPSEG in formulating these recommendations.