

## Consideration of Comments

Proposed reassignment of registered entities currently registered in the SPP Regional Entity (SPP RE) to the Midwest Reliability Organization (MRO) and SERC Reliability Corporation (SERC)

The North American Electric Reliability Corporation (NERC) thanks all commenters who submitted comments on the proposed SPP RE registered entity transfers to MRO and SERC. NERC's proposed transfer recommendations were initially posted for public comment on December 1, 2017 for a comment period closing on December 22, 2017. NERC then posted additional information regarding NERC's proposed transfer recommendations on December 15, 2017, and extended the comment period to January 5, 2018.

NERC received 15 sets of comments, including submittals from two trade organizations and a joint registered entity group, representing 10 registered entities. NERC carefully considered each comment received. As shown in the table below, NERC identified the main themes raised in the comments and grouped the comments by topic area. NERC then provided a summary of the comments received in each topic area and addressed the feedback received. In addition, NERC contacted certain registered entities directly to discuss entity-specific comments in greater detail.

## Comments

**Summary of Changes:** No changes made to NERC’s initial transfer recommendations based on comments received.

Topic Area	Summary of Stakeholder Comments	Action/Response and Notes
<p>Industry Support for NERC’s Proposed Regional Entity Transfers for the SPP RE registered entities</p>	<ul style="list-style-type: none"> <li>• The majority of commenters support NERC’s proposed Regional Entity transfer recommendations of registered entities in the SPP RE footprint.</li> <li>• Several commenters note that the proposed Regional Entity transfers will enhance the reliability of the Bulk Power System (BPS).</li> <li>• One commenter states that “NERC staff has crafted an outcome that promotes ‘the efficient and effective administration of BPS reliability.’”</li> <li>• One commenter acknowledges that NERC’s proposed transfer recommendations are reasonable given (1) the geographic and electrical boundaries of the SPP RE registered entities’ BPS facilities and (2) the continuity of certain functional alignments within the geographic and electrical boundaries.</li> </ul>	<ul style="list-style-type: none"> <li>• NERC appreciates all comments received.</li> </ul>

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Process	<ul style="list-style-type: none"> <li>Two commenters suggest that NERC should enhance the process in its analysis and decision-making in proceedings involving large scale registered entity transfers to another Regional Entity.</li> </ul>	<ul style="list-style-type: none"> <li>NERC remains committed to communicating with SPP RE stakeholders throughout the SPP RE transition.</li> <li>The NERC Rules of Procedure (ROP) do not contain specific criteria for the allocation of multiple registered entity transfers in the event of a Regional Entity dissolution. Federal Energy Regulatory Commission (FERC) precedent and ROP Section 1208 provide useful criteria for considering how to address the dissolution of a Regional Entity. NERC management elected to apply Section 1208 criteria as the most relevant guidance contained in the ROP and consistent with prior FERC orders on transfer considerations. NERC provided advance notice to the affected registered entities of the use of this criteria and was consistent in its application.</li> <li>On July 27, 2017, NERC informed the 122 SPP RE registered entities that they may submit a written request to NERC stating their respective preference for transfer to another Regional Entity. Taking guidance from FERC precedent and the ROP, NERC management announced that it would consider Section 1208 criteria when reviewing registered entities' transfer requests as the most appropriate in this situation.</li> <li>NERC has taken steps to keep stakeholders informed of its analysis and decision-making process throughout the transition of the SPP RE 122 registered entities to another Regional Entity. NERC hosted an initial webinar on August 25, 2017 with the SPP RE registered entities. During the webinar, NERC outlined the transition</li> </ul>

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		<p>process and responded to registered entities’ questions. NERC directed registered entities to email any additional questions to NERC registration.</p> <ul style="list-style-type: none"> <li>• NERC encouraged SPP RE registered entities to contact NERC throughout the duration of the transition with any questions.</li> <li>• NERC logged the registered entities’ questions along with NERC and applicable Regional Entity responses in a Frequently Asked Questions – SPP Transition document (FAQ), which was updated weekly and sent via email to the SPP RE registered entities.</li> <li>• On October 24 and 25, 2017, NERC’s General Counsel provided additional information regarding the transition at SPP RE’s fall workshop.</li> <li>• NERC then held a subsequent webinar on October 27, 2017 with the SPP RE registered entities to address any additional comments or questions regarding the transition process.</li> <li>• On December 1, 2017, NERC published its proposed transfer recommendations for each of the 122 SPP RE registered entities. Registered entities were given until December 22, 2017 to submit written comments on NERC’s proposed transfer recommendations.</li> <li>• On December 12, 2017, NERC informed the SPP RE registered entities that additional information was planned to be posted on December 15, 2017, and that the comment period would be extended from December 22, 2017 to January 5, 2018.</li> </ul>

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		<ul style="list-style-type: none"> <li>On December 15, 2017, NERC provided additional information (December 15 Posting) regarding NERC’s proposed transfer recommendations concerning its evaluation of the SPP RE registered entities’ transfer requests.</li> <li>Where NERC’s recommendations differed from the registered entities’ requests, NERC contacted the registered entities by phone and explained NERC’s rationale for the recommendations.</li> <li>NERC applied the Section 1208 criteria as presented to the SPP RE registered entities at the beginning of the transition process in a consistent manner.</li> </ul>
Coordinated Oversight Program	<ul style="list-style-type: none"> <li>Several commenters that are registered in more than one region raise administrative efficiency concerns regarding compliance monitoring and enforcement.</li> <li>Several commenters question potential modification to existing coordinated oversight.</li> </ul>	<ul style="list-style-type: none"> <li>The Coordinated Oversight Program (Program) provides for increased efficiencies in resource allocation for registered entities while maintaining the reliability of the BPS. Specifically, the Program is designed to eliminate unnecessary duplication of compliance monitoring and enforcement activities.</li> <li>For multi-region registered entities (MRREs) participating in the Program with SPP RE as the Lead Regional Entity (LRE), NERC will ensure the transition to a new LRE pursuant to the coordinated oversight process. For MRREs where SPP RE is not the LRE, no changes are expected at this time.</li> <li>NERC contacted several registered entities to clarify that for current SPP RE MRREs, NERC’s proposed transfer recommendations is not expected to</li> </ul>

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		<p>impact registrations outside of the SPP RE footprint.</p> <ul style="list-style-type: none"> <li>• NERC contacted several registered entities to review their questions regarding future participation in the Program.</li> <li>• NERC contacted one registered entity to explain that it would become an MRRE as a result of NERC’s proposed transfer recommendation and would have the option to participate in the Program.</li> </ul>
<p>Location of Assets</p>	<ul style="list-style-type: none"> <li>• One commenter suggests that the ROP 1208 criterion addressing location of assets should not be a primary factor for evaluating registered entity transfer requests.</li> </ul>	<ul style="list-style-type: none"> <li>• NERC announced at the beginning of the SPP RE transition process that applying Section 1208 criteria in this situation is appropriate based on the guidance in the NERC ROP and FERC precedent on registered entity transfers to another Regional Entity. Geographic location is one of the Section 1208 criteria NERC considered.</li> <li>• In NERC’s December 15 Posting, NERC noted that it considered two initial criteria: (1) the location of the registered entity’s BPS facilities in relation to the geographic and electrical boundaries of the transferee Regional Entity; and (2) the impact of the proposed transfer on other BPS owners, operators, and users, including affected Reliability Coordinators, Balancing Authorities, and Transmission Operators, as appropriate.</li> </ul>

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		<ul style="list-style-type: none"> <li>Also in the December 15 Posting, NERC stated it will consider registered entity comments on the proposed transferee Regional Entities, Regional Entities' responses addressing the criteria found in Section 1208, and any other relevant information when making transferee Regional Entity recommendations to the NERC Board of Trustees.</li> </ul>
Regional Entity Expertise	<ul style="list-style-type: none"> <li>One commenter states that NERC should consider specific Regional Entity experience with an entity's business functions and responsibilities associated with its organizational structure.</li> </ul>	<ul style="list-style-type: none"> <li>All Regional Entities meet the requirements of the Federal Power Act, the ERO Regulations, and the NERC ROP as approved by FERC necessary to qualify for delegated authority by NERC, and approved by FERC, to perform compliance monitoring and enforcement activities as set forth in NERC's Uniform Compliance Monitoring and Enforcement Program (CMEP) and the annual ERO CMEP Implementation Plan.</li> <li>NERC conducts continuous oversight of the Regional Entities' CMEP activities.</li> <li>All Regional Entities have experience with entities of various organizational structures registered for all NERC registered functions.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Pursuant to Section 1208, a registered entity may request a transfer to another Regional Entity.</li> <li>• Registered entities have various existing tools, such as the Consistency Reporting Tool, to inform NERC of any concerns regarding a Regional Entity’s performance of CMEP activities.</li> </ul>