Will you please use the attached comments, instead of the comments I submitted earlier this afternoon?

Thanks.

MISO, CAISO, IESO, ISO-NE, NYISO, PJM, and SPP would like to sign on to the comments.

Marie Knox
Sr. Standards Compliance Analyst
P.O. Box 4202
Carmel, IN 46082-4202
317-249-5264
mknox@misoenergy.org

General Comments

We appreciate the opportunity to comment and laud NERC's leadership in setting an aggressive set of goals. As an overarching comment, we respectfully suggest that NERC adjusts these goals to align all its programs toward a more mature enterprise. NERC did a remarkable job in establishing the ERO and support the ERO in its objective that now begins the time period to stabilize, simplify, and optimize ERO processes and produce measureable benefits to Reliability by focusing both the Regulator and the Registered Entity on the issues, requirements, and obligations most impactful to reliability.

Vision Statement: While commendable to strive to continuously improve reliability, the ERO is charged with providing an adequate level of reliability. Enhancements to reliability should be done with a strong industry input on cost-benefits. NERC should also evaluate and consider expanding its toolkit relative to enhancing and improving reliability.

Fairness and Inclusiveness: The principles or concepts included in the achievement of the overarching core value of Fairness and Inclusiveness are appropriate and necessary. However, the statement, "Conduct compliance and enforcement actions judiciously and in proportion to risk, paying regard to risks both potential and actual (realized)" could be subject to multiple, varying interpretations. Accordingly, it is suggested that this section be clarified to ensure that optimal value, comprehension, and acceptance is achieved. In particular, additional transparency regarding how risk (potential and actual) are both determined and utilized would greatly enhance the benefits of this principle, resulting in an overall improvement and enhancement to the success of the core value of Fairness and Inclusiveness.

Emerging Issues. We fully support the ERO's goal and principle to being nimble and artful as well as responsive to emerging issues. However, such goal/principle cannot be achieved unless the NERC toolkit is expandedto include more tools than standards and enforcement.   Lessons-learned from events analysis, guides created by standing committees and alerts are few of the current tools that we would respectfully submit are under-utilized. It would only take a minor change to the Rules of Procedure to enable the use of criteria, which may be mandatory and auditable but don't carry sanctions, as a tool. Finally, the identification and evaluation of the use of new and/or different tools or the flexibility of application for existing tools is respectfully suggested..

Four Pillars for Success: We agree with the four pillars of success that are proposed and believe that these should be expanded to a set of guiding principles that focus all NERC's program areas in directions that achieve a common goal.   Examples of principles:

- The need for new standards should be fact-based. Other tools should be deployed for emerging risks that are not yet well-understood in terms of magnitude or ubiquity and/or ambiguous or not well-defined issues.
- Compliance initiatives should encourage self-inspection and self-correction as soon as practicable as such will provide better benefits to the reliability of the BES than the allocation of resources to self-

reporting. The existing tools in the CMEP should be reviewed to determine how they may be applied most effectively to support reliability for the future state of the Compliance model.

- The overall focus should be on the over-arching goal of reliability of the BES including improvement of the consistency of ERO processes with said over-arching goal. As examples,
    - The creation of results-based standards has been discussed at length, but recent postings appear to include requirements that don't directly meet a reliability objective.
    - The industry identified many "paragraph 81" requirements, *i.e.*, requirements that do not directly impact reliability/are administrative in nature; yet many of these are still actively monitored.
- The level of administration and enforcement for issues, events, etc. should be directly nd obviously commensurate with the impact on reliability.

Standards

Although we fully understand that the focus of the standards section would be standards development and proposed, associated activities. Given the previous core principle to be artful and nimble regarding emerging issues, there is not a corresponding goal to determine the best methods, mechanisms, or activities that would achieve that goal. More directly, the standards section of the plan appears to assume that the solution to all reliability problems is a standard. It is respectfully recommended that, as part of this plan, NERC should identify a goal to work with the industry to develop an approach to identify the suite of tools available to address potential reliability problems as well as the criteria to be utilized to determine when to apply the given tool.

Additionally, the overall goal is to "[d]evelop clear, reasonable, technically sound reliability standards in a timely, efficient manner. WE fully support that goal, but express concern that the intent of the goal may be undermined by the setting of firm timelines on when to deliver a standard based on a FERC directive, or the identification of a minimum number of standards to be brought forward to each Board meeting for adoption. The time for completing each standard depends on the complexity of the issue, the priority and volume of existing work, as well as the expected benefits of providing the deliverable. Arbitrarily rushing all standards to meet directives would crowd out projects where data shows a real need, resulting in lower quality standards. The optimal solution for this issue would be that NERC and the industry collaborate on a transparent model for establishing realistic timelines for standards activities that accounts for resource limitations; complexity of scope; volume of existing work; and expected benefits of the activity. NERC should look to expand its call for volunteers to include project managers and leaders proven to drive to quality results.

Compliance

There are several references in the goals related to the Reliability Assurance Initiative (RAI). While we support the concept of compliance reform, we believe all NERC programs need a review to ensure they are both compatible with and supportive of the RAI.

While there are many references to moving RAI forward, there is little information about what success looks like once the goal is achieved. NERC should add a Goal "2c" that "The ERO monitors Registered Entities and Standard requirements commensurate with the risk and role of each type of Registered Entity"

>Key Deliverables:

>*Regularly update ERO assessments of what operating, planning or security issues are presenting the greatest risk to bulk power system reliability through consultations with standing NERC Committees*

>*Match assessments to those monitoring tools (Audit, Spot Check, Data submission) most appropriate to efficiently monitor the risks.*

>>• *Such an approach would address Commissioner LaFleur's goals that larger events are prevented by continuously finding and rooting out small problems. The ERO and Industry would identify risks potentially driven by action/omissions among a collective class of Registered Entities (potentially a large, yet unknown risk to BES) as well as the types of risks driven by any particular "individual entity".   The ERO can increase the amount of meaningful monitoring it does without being overly burdensome if it effectively use of each of the different monitoring tools (e.g., self-certification, spot check)*

>*Phase-in zero-defects approach toward supporting a self-correcting, self-reporting, continuous-learning organization. Streamline the front-end of the Enforcement Process so that there is a minimal commitment of resources for Registered Entities for those violations that are ministerial in nature.*

We strongly suggest NERC simplify the front end of the enforcement process and develop a transparent triage mechanism that identifies the likely path an action should take (no action, FFT, SNOP, full NOP). We believe in giving auditors and front line compliance staff the responsibility to make the initial assessment of the disposition path.

Other Programs

While the Regions have made progress in the Events Analysis Program, we have been slow in getting out lessons learned and summary data on events. To improve the dissemination of the lessons, it is suggested that events should be categorized by functional entity, task, and requirement. Doing so would provide useful tools for training and controls development.