Unofficial Comment Form
Standards Efficiency Review – Phase 2
Efficiency Concepts Webinar

Do not use this form for submitting comments. Use this survey link to submit comments on the Standards Efficiency Review – Phase 2. Comments must be submitted by 8 p.m. Eastern, Friday, March 22, 2019.

Additional information is available on the project page. Contact Manager of Standards Information, Chris Larson, (via email), or at (404) 446-9708.

Background Information
SER Phase 2 Scope: Evaluate NERC Reliability Standards (O&P and CIP), as informed by implementation experiences and compliance practices, to develop and recommend standards-based solutions intended to reduce inefficiencies and unnecessary regulatory burdens for the purpose of supporting continued safe, secure and reliable operations.

- Concept 1: Evidence Retention Overhaul
- Concept 2: Prototype Standard
- Concept 3: Move Requirements to Guidance
- Concept 4: Consolidate & Simplify Training Requirements
- Concept 5: Consolidate Information/Data Exchange Requirements
- Concept 6: Relocate Competency-based Requirements to Certification Program/CMEP Controls

Review process
Following the webinar, the industry will receive the link (also provided above) to the online questionnaire seeking feedback on each concept and its ability to address perceived areas of inefficiency within the Reliability Standards. The industry’s responses are due 8 p.m. Eastern, Friday, March 22, 2019. Please coordinate feedback into a single response for each organization or entity.

The following questions will be asked for each concept:
1. How strongly do you support this Standards-based efficiency concept and its potential benefits? 1 (not support) – 10 (strongly support)
2. If you do not support this concept, please explain.
3. Do you have any questions or other comments regarding this concept?
The final questions below will be asked to solicit additional feedback:

1. What is your perception of the greatest inefficiencies within the framework of the current NERC Reliability Standards?

2. In your opinion, which concept(s) presented during the webinar will most effectively address those inefficiencies?

3. Do you know of any Standards-based efficiency concepts that were not mentioned during the webinar? If so please describe, providing advantages and disadvantages.

**Concept 1: Evidence Retention Overhaul (Michael Puscas/ Tino Zaragoza)**

**Description:** NERC produced a “Data Retention White Paper”, dated September 12, 2014\(^1\). This document described a project that started in 2013 when the ERO Enterprise assembled an advisory group to provide input and advice for modification of existing NERC Reliability Standard data retention requirements. The data retention team was comprised of representatives from NERC and the NERC Compliance and Certification Committee (CCC).

The data retention team began reviewing and analyzing current data retention requirements and soliciting industry feedback on current data retention requirements. The subsequent white paper presented the information reviewed by the team and made recommendations for changes to current guidance documents, future NERC Reliability Standard development, and auditing processes.

The white paper’s analysis explored possible options for establishing uniform tools and applications and standardizing evidence retention requirements across the ERO Enterprise to promote consistency in demonstrating compliance. These options were intended to provide improvements that support reliability and ensure that resources allocated by the ERO Enterprise and registered entities are commensurate with the potential risks of noncompliance to reliability. The 2014 white paper recommended that NERC modify the data retention requirements so that the burden of producing records necessary to demonstrate compliance is commensurate with the risk to the reliability of the Bulk Power System. However, the recommendations from this study team were never completed.

The SER Phase 2 Evidence Retention team will evaluate the following options:

1. Review and analyze the previous Evidence Retention efforts, retaining recommendations that are still appropriate and valid.

2. Inventory and analyze the Evidence Retention schemes in currently enforceable Standards to determine impact on reliability and high risks.

3. Analyze the Requirement Measurements to determine if re-wording could reduce data and evidence retention requirements.

4. Recommend and justify proposed data/evidence retention solutions.

**Purpose:** What specific Standards-based inefficiency(s) or issue is this concept intended to address?

a) **Disproportionate resources are required to manage low risk activities** – It takes the same amount of resources to manage low risk evidence as it does for high risk evidence. Low risk activities should not have strong data retention requirements unless there are reliability implications.

b) **Excessive data collection and retention obligations** – This activity is time consuming and at times unnecessary. In general, evidence retention does not reduce risk or impact the reliability of the electric system. It is valuable to show compliance over a period of time.

c) **There are unclear or subjective performance expectations** – The current data retention requirements are either arbitrary or so specific that they apply to only one or two requirements. The overall rationale for evidence retention schemes either doesn’t exist or, for some Standard requirements, are overly complex. Inconsistent or overly complex data retention requirements within the Reliability Standards make it difficult to align with internal programs and communicate expectations within organizations.

d) **There are inefficient methods for collecting data when addressing emerging threats or changing technology** – Emerging threats are currently not covered by evidence retention schedules. Changing technology is also not covered by existing evidence retention schedules.

**Advantages:** What are the intended advantages with this concept?

a) **Reduces compliance costs associated with low risk activity** – New evidence retention schemes reduce the compliance costs associated with low risk activity; Registered Entities don’t need to spend resources on low risk activities, especially if evidence retention is not required.

b) **Reduces costs associated with data retention** – Evidence retention takes up space on servers, which could be used for other purposes. Excessive data retention increases costs to manage, backup, compile, and review data for compliance monitoring and enforcement activities.

c) **Offers an innovative approach to risk mitigation** – Simplified evidence retention schemes offers innovative approaches that mitigate risk. Ultimately evidence retention is tied logically to risk mitigation, which makes more sense than arbitrary evidence retention schedules.

d) **Incentivizes creative thinking and best practices** – Examination of current data/evidence retention schemes incentivizes creative thinking and best practices.
e) **Allows flexibility to address changing technology and emerging threats** – The envisioned future state is a simplified and flexible set of data retention rules that are in line with risk and reliability. This will address changing technology and emerging threats.

f) **Provides long-term stability to the Reliability Standards** – Provides long-term stability to the Reliability Standards, which requires less time for standard drafting teams (SDTs) and easier compliance.

**Disadvantages:** What are the potential disadvantages with this concept?

a) **Requires significant industry resources to implement** – Potentially requires significant industry resources to implement; this will depend on the final data/evidence retention policy recommendations and how they are implemented.

b) **Requires significant changes to the NERC Rules of Procedure (ROP)** – Requires potential changes to the ROP depending on the Evidence Retention team’s final recommendations.

**Concept 1:**

NPCC questions the benefits of this concept. The evidence retention mechanisms are in place for specific reasons and have been tailored to audit cycles and the requirements themselves based on perceived need. NPCC agrees with the disadvantages identified. Although there may be some benefit it may not be commensurate with the changes stakeholders and auditors would have to make to existing documentation and create a burden with little benefit.

**Concept 2: Prototype Standard (Terry Bilke/John Allen)**

**Description:** A Risk-based Standards Template would facilitate a systematic approach to developing and maintaining an effective and efficient set of risk focused Reliability Standards. Currently there are guidelines in the Standards Process Manual that describe the scope and essential elements of a Reliability Standard. However, some discretion is allowed with each SDT as to the final product. Therefore, inconsistencies can result without a tool to assist SDTs with following a repeatable process. A key component to effectively and efficiently mitigating risk is the ability to quickly adapt to emerging threats or changing technology that could expose a vulnerability with the specified risk. Therefore, the SDTs should refrain from creating prescriptive requirements, which make it difficult to adapt to those changes. A Risk-based Standards Template would focus on the risk objective (what) and not the method (how) allowing flexibility without requiring a new standard or modifications to an existing one. This approach would give the industry a more static and sustainable set of Reliability Standards. A Risk-based Standards Template would also guide SDTs to develop requirements and measures that clearly state what action or capability is required to achieve a particular result or outcome to reduce the stated risk objective of the Standard. When requirements and measures are vague or subjective, then the result can be a failure to meet expectations and/or inefficient administrative activities that do not provide a commensurate benefit.
to reliability and security. A Risk-based Standards Template would focus industry resources on mitigating risk instead of demonstrating compliance.

**Purpose:** What specific Standards-based inefficiency(s) or issue is this concept intended to address?

- **a) Disproportionate resources to manage low risk activity** – A Risk-based Standards Template would assist industry by focusing the Standards on mitigating higher risk activities, thus reducing administrative inefficiencies associated with an all-inclusive “zero-defect” approach.

- **b) Excessive data collection and retention obligations** – A Risk-based Standards Template would assist industry with identifying a consistent understanding of unacceptable performance, thus reducing administrative inefficiencies associated with collecting and retaining data to demonstrate good performance, especially with high-volume activities.

- **c) Unclear or subjective performance expectations** – A Risk-based Standards Template would assist industry with identifying objective performance requirements and measures, thus reducing administrative inefficiencies associated with vague expectations and resulting inconsistencies between entities and individual ERO staff.

- **d) Unnecessary resources to prove a negative** – A Risk-based Standards Template would assist industry with identifying a consistent measure of non-compliance reporting especially for event driven requirements, thus reducing administrative inefficiencies associated with having to demonstrate nothing occurred.

- **e) Inefficient method to address emerging threats or changing technology** – A Risk-based Standards Template would assist industry with developing a flexible approach to risk mitigation, thus reducing administrative inefficiencies associated with endless standards development activity due to emerging threats or changing technology.

**Advantages:** What are the intended advantages with this concept?

- **a) Reduces compliance costs associated with low risk activity** – A Risk-based Standards Template would delineate “core” requirements from the “supporting” requirements along with clear measures of unacceptable performance, thus reducing administrative costs associated with demonstrating compliance to low risk activities. The amount of savings would be proportional to the scope of change in the final recommendation (subtle or drastic).

- **b) Reduces costs associated with data retention** – A Risk-based Standards Template would reduce administrative costs associated with collecting and retaining data to demonstrate good performance, especially with high-volume activities.

- **c) Offers an innovative approach to risk mitigation** – A Risk-based Standards Template would focus industry resources on meeting the characteristics of Adequate Level of Reliability, instead of activities solely for the sake of compliance.
d) **Incentivizes creative thinking and best practices** – A Risk-based Standards Template would allow a flexible approach to risk mitigation, thus reducing inefficient activities based on compliance obligations.

e) **Allows flexibility to address changing technology and emerging threats** – The Risk-based Standards Template would focus industry resources on “what” should be the result or outcome instead of “how”, thus reducing administrative costs associated with continuously pursuing emerging threats or changing technology via the standards development process.

f) **Provides long-term stability to the Reliability Standards** – A Risk-based Standards Template would focus industry resources on a flexible approach to risk mitigation, thus providing long-term stability to the Reliability Standards proportional to the scope of change in the final recommendation (subtle or drastic).

g) **Enhance risk-based compliance** – A Risk-based Standards Template would align the Reliability Standards with the principles of risk-based compliance monitoring, thus reducing administrative activity to process insignificant issues.

**Disadvantages:** What are the potential disadvantages with this concept?

a) **Requires significant industry resources to implement** – The amount of industry resources initially needed to develop this concept would be proportional to the scope of change in the final recommendation (subtle or drastic). If a Risk-based Standards Template was implemented, then it should decrease industry resources needed in future Standards projects or periodic review cycles over what is currently expended today. If the Risk-based Standards Template concept is pursued, then a recommendation would be to create a pilot Standard Authorization Request using a current Standard(s) that would most benefit from this approach.

b) **Requires significant changes to the Standards Processes Manual (Appendix 3A of the ROP)** – If the concept for a Risk-based Standards Template is pursued, then the significance of changes to the Standards Process Manual would be proportional to the scope of change in the final recommendation (subtle or drastic).

c) **Diminishes the ERO’s ability to manage risk** – A Risk-based Standards Template would give the industry more discretion in managing the specified risk while establishing a bright-line for acceptable performance. This would increase the availability ERO resources to focus on higher risk issues.

d) **Minimal benefits to efficiency** – The benefits to efficiency would be proportional to the scope of change in the final recommendation (subtle or drastic).

e) **Provides no stability to the Reliability Standards** – The level of stability to the Reliability Standards would be proportional to the scope of change in the recommendation (subtle or drastic).

Concept 2: 2
NPCC suggest that further efforts and concepts to improve efficiency of compliance and standards drafting from a process, compliance, format or risk based perspective should not be part of this first part of Phase 2 to allow the further reduction of standard requirements to move forward expeditiously and not be disruptive to existing industry practices, understanding, and procedures in place to achieve compliance. Some of the concepts above will require a lot of further development prior to commencing work on the standards. This will present, in NPCC’s view, significant delays to the project which won’t necessarily result in the commensurate benefits. There will need to be solidification of, and further details of what is being proposed for some of the concepts and further socialization. Changes to Rules of Procedure will need to be made, revisions to the Standard Processes Development Manual (SPM), new training materials for SDTs etc. This contributes to further concerns that the Phase 2 team may be further delayed from the original intent which was to reduce requirements in the standards. Standards development related materials have taken years to develop and approvals by FERC will be also be required for some of these materials (e.g. Standards Processes Manual) before the revised Phase 2 standards are filed. The latest version of the NERC SPM took in excess of 2 years to develop with relatively minor revisions.

Concept 3: Move Requirements to Guidance (Greg Campoli/ Helen Nalley)

Description: To promote efficiency, the NERC Reliability Standards should focus primarily on performance-based and risk-based requirements, which provide the Compliance Enforcement Authority (CEA) with an enforcement mechanism within the Compliance Monitoring and Enforcement Program (CMEP) to ensure core Bulk Electric System (BES) reliability functions are addressed. The competency-based requirements to have program documentation, data, infrastructure, etc. supporting the entities’ ability to meet the performance or risk objective, while providing defense-in-depth to the Reliability Standards, could be transferred out of the CMEP into a more efficient method including guidance to industry. Many of these competency-based requirements by themselves pose a minimal reliability risk and in some cases, become mainly a compliance documentation exercise. Examples of this are as follows:

- PRC-010-2 (UV load shedding scheme) has two requirements, R6 and R7, which deal with the Planning Coordinator (PC) updating a database annually with data necessary to model UVLS schemes (R6) and for each UVLS entity to provide the PC the data needed for R6 (R7). These requirements are data gathering and administrative in nature, and thus could be candidates for a Reliability Guideline.

- FAC-003, R3 requires applicable Transmission Owner (TO) and Generator Owner (GO) have documented maintenance strategies, processes or specifications it uses to prevent encroachment into the Minimum Vegetation Clearance Distance. The adequacy of an entity’s documentation for R3 is not addressed, so this Requirement is not measurable other than it exists or doesn’t exist; R5 when applicable TO and GO are constrained from performing vegetation work on applicable lines operating with its Rating and all Rated Electrical Operating Conditions, the TO/GO shall take corrective action to ensure continued vegetation management to prevent encroachments. This
Requirement is nebulous and non-measurable. Both of these requirements are competency-based in nature and could be candidates for a Reliability Guideline.

There are other requirements that need to remain in their current state but could benefit from guidance to clarify expectations or reduce compliance demonstration expectations. Therefore, the industry would benefit from additional guidance to remove administrative inefficiencies. Reliability Guidelines are currently being used to address emerging issues such as cold weather preparedness, inverter-based resources and power plant modeling. In some cases a Reliability Guideline may identify a performance or risk objective that could develop into a Standard following some actual monitoring of that activity. Guidelines are not mandatory and consequently this concept should only be applied to existing requirements that are not needed to support compliance of another entity. There is currently a process in place for periodically reviewing and improving the Standards in manageable chunks. An example is the last update of the Interconnection Reliability Operations and Coordination (IRO) and Transmission Operations (TOP) Standards that was successful in eliminating a number of unnecessary requirements, some of which could have been developed into Reliability Guidelines. This concept can be consistently applied and we can define how Guidance could be more effectively used in place of requirements in Reliability Standards.

**Purpose:** What specific Standards-based inefficiency(s) or issue is this concept intended to address?

a) **Disproportionate resources to manage low risk activity** – Requirements that could be adequately addressed by Guidance are by nature low risk. These requirements would then be out of enforcement space and would not require the same level of resources to demonstrate compliance.
b) **Excessive data collection and retention obligations** – Moving competency-based requirements to Guidance would require less data collection and retention obligations for Registered Entities and would allow more focus and resources on higher-risk performance-based and risk-based requirements.

c) **Unclear or subjective performance expectations** – Many competency-based requirements are subjective and lead to costly administrative compliance and enforcement activity to resolve differing expectations between the entity and ERO staff.

d) **Inefficient method to address emerging threats or changing technology** – Reliability Guidelines are currently being used to address emerging issues such as cold weather preparedness, inverter-based resources and power plant modeling. In the event a Reliability Guideline is not effective a Standard could then be developed.

**Advantages:**

a) **Reduces compliance costs associated with low risk activity** – Removes administrative activities that are primarily compliance focused with identified low risk to reliability.

b) **Reduces costs associated with data retention** – Reduces administrative activity and data collection necessary to meet current compliance demonstration expectations. If necessary, the ERO can survey industry’s response to the Reliability Guidelines via a Section 1600 data request. Reliability Guidelines may also result in identification of effective controls that may be assessed during Internal Control Evaluations.

c) **Incentivizes creative thinking and best practices** – Clarifies expectations for ambiguous performance objectives.

d) **Provides long-term stability to the Reliability Standards** – If the ERO used Guidance as an alternative to continuously creating and revising standards, then this concept would provide stability to the Reliability Standards.

**Disadvantages:**

a) **Requires significant industry resources to implement** – The initial effort to move competency-based requirements to Guidance would require a lot of industry resources.

b) **Diminishes the ERO’s ability to manage risk** – This concept would be limited to the competency-based requirements, preserving a risk-based or performance-based requirement within the standard. Therefore, the industry would be given more discretion in managing the specified risk and the ERO would only be involved if the Registered Entity failed to meet the performance requirement.

c) **Creates a reliability gap** – There may be concern that the approach of removing existing Requirements into guidance documents could result in a reliability gap. There is also concern that auditors will hold entities accountable for following guidance which, in essence, makes
them mandatory. The CMEP would need to ensure adherence to the performance-based standard, not the guidance.

Concept 3: 2
Overall, NPCC suggest that the Phase 2 team refocus on the reduction of requirements not already in process from Phase 1 which will require changes to other standards, investigate opportunities to absorb some of the competency based requirements into a future certification program and evaluate low risk requirements that don’t have any impact on reliability as evidenced by Event Analysis or other NERC data points. Also, FERC is not likely to accept any gaps introduced albeit minor ones, so anything that is being retired in Phase 2 or moved to Guidance will need very thorough justifications to demonstrate Reliable Operation will not be adversely affected. Removing specific existing components and replacing it with nebulous high level terminology like “systematic approach to training,” will likely create issues with FERC and contribute to inconsistency in audits. NPCC also agrees with the SDT identified “Disadvantages” and makes this concept something that should not be addressed as part of this project.

Concept 4: Consolidate & Simplify Training Requirements (Gary Nolan/ Tino Zaragoza)

Description: Consolidate all training requirements within the NERC Standards into the Personnel Performance, Training and Qualifications (PER) family of Standards, which would help prevent an entity from inadvertently overlooking a training requirement in their program.

- Training for tasks performed by entities not applicable under PER-005-2 (COM-002-4 R3, EOP-005-3 R9, and EOP-005-3 R15) could benefit from being relocated to the PER family of Standards.
- Unique training requirements for registrations (DP) and tasks (COM-002-4 R2 GOP, EOP-005-3 R9 TO, and EOP-005-3 R15 GOP) not covered under the Systematic Approach to Training (SAT) of PER-005-2 should be considered to be consolidated under PER-006-1 Specific Training for Personnel. Alternatively, registrations covered under PER-005-2 could have those requirements modified to include these tasks.

Eliminate requirements that are redundant and sufficiently covered using a Systematic Approach to Training (SAT) under PER-005-2 (EOP-005-3 R8, EOP-006-3 R7, and COM-002-4 R2).

Incorporate guidance for SDTs on evaluating whether training for unique tasks should already be captured within an SAT under PER-005-2. And if not, direct them to incorporate the training into the appropriate PER family of standards, likely PER-006-2.

Purpose: What specific Standards-based inefficiency(s) or issue is this concept intended to address?

a) Eliminates redundant requirements – Unique training requirements exist for tasks that the majority of the industry believe are already captured within the PER-005 Systematic Approach to Training.
b) **Disparate location of requirements pertaining to the same performance-based reliability objective** – Although primarily located in the PER family of Standards, some training requirements are dispersed throughout other Standard families not related to training or qualifications.

**Advantages:** What are the intended advantages with this concept?

a) **Helps prevent an entity from inadvertently overlooking a training requirement in their program** – The NERC Reliability Standards should be sufficiently clear and concise so a person unfamiliar with the industry or requirement could, based on the Standards family name, know they are looking at all requirements pertaining to a specific topic.

b) **Reducing administrative costs without diminishing system reliability** – Fewer requirements reduce the administrative burden/costs of demonstrating and/or monitoring compliance that are incurred by both the Registered Entities and by the CEA without any adverse impact to system reliability. The performance-based requirement to have adequately trained operations personnel is maintained within PER-005. It also removes overlapping compliance and enforcement obligations.

**Disadvantages:** What are the potential disadvantages with this concept?

a) **Requires significant industry resources to implement** – Due to limited number of requirements that would be in scope, the effort should be combined with a larger initiative such as a Periodic Review to reduce the impact to industry resources.

b) **Minimal benefits to efficiency** – There are a limited number of requirements (nine) in scope for this initiative. In addition, some context may be lost by relocating the requirements into the PER family of standards.

**Concept 4: 10**

**Concept 5: Consolidate Information/ Data Exchange Requirements (Michael Cruz-Montes/ Deanna Phillips)**

**Description:** Requirements for information/data submittals and/or requests are dispersed requirements in various Standard families. In some instances, the obligation is blended within the requirements. Additionally, the retention schedule for the requirements may also create inefficient administrative burden and costs. Furthermore, there are potential redundancies that could be perceived as overlapping compliance and enforcement obligations. There is potential benefit to the industry for a more efficient set of information/data requirements, where individual information/data topics are consolidated into a requirement(s) that lists the essential items for each functional type (PC, Transmission Planner, Reliability Coordinator (RC), Balancing Authority (BA), Transmission Operator (TOP), etc.). This could also be left to the discretion of the entity based on their company-specific planning and Real-time reliability-related tasks.
**Purpose:** What specific standards-based inefficiency(s) or issue is this concept intended to address?

a) **Disproportionate resources to manage low risk activity** – For some of the information/data requirements, the cost of demonstrating compliance are in addition to those that are necessary to operate in a reliable manner. In many cases, the costs of keeping the data to demonstrate compliance could be greater than the cost to provide the information/data. This is particularly true for requirements which are either for continuous performance or are event driven. Because of the very specific wording of these requirements as they are currently written, from a perspective of compliance auditing, demonstrating compliance with them is extremely difficult and costly, particularly for a multi-year audit period.

b) **Excessive data collection and retention obligations** – There are roughly 150 information/data requirements dispersed throughout the NERC Reliability Standards. Every topic does not have (or need) an associated requirement to send/receive/verify the information/data. Some requirements have no corresponding obligation for the receiving entity to use the information/data, which potentially creates an unnecessary compliance exercise. The retention expectations for information/data requirements may be unreasonable and/or create unnecessary administrative burden/costs. Therefore, simplifying retention schedules should also be a consideration for this alternative.

c) **Unclear or subjective performance expectations** – For some of the information/data requirements, a specific piece of information/data is required to be sent from one entity to another entity, regardless of whether or not the receiving entity asks for it or uses it in any way. This potentially creates an unnecessary compliance exercise that provides no benefit to reliability.

**Advantages:** What are the intended advantages with this concept?

a) **Reduces compliance costs associated with low risk activity** – A reduction in redundant information and data submittal requirements and exchange will reduce unnecessary administrative low risk activity and consequently costs.

b) **Reduces costs associated with data retention** – Consolidated and simplified requirements that facilitate entity to entity information/data exchange would consequently reduce data retention requirements.

**Disadvantages:** What are the potential disadvantages with this concept?

a) **Requires significant industry resources to implement** – This concept would initially require resources to review and revise Standards to implement this concept.

**Concept 5: 10**

**Concept 6:** Relocate Competency-based Requirements to Certification Program/ CMEP Controls Review process (Thomas Maldonado/ Mario Kiresich)
**Description:** This concept will look to revise the current Standards as needed to ensure each contain a requirement to measure the essential performance or risk objective and then where feasible transfer competency-based requirements to NERC Organizational Registration and Certification Program and/or CMEP controls review process. The result will be a more efficient Standard that mainly contains performance-based or risk-based requirements to ensure the associated reliability objective is measurable and entity performance is subject to the CMEP.

Currently, the NERC Organizational Registration and Certification Program applies only to RCs, BAs and TOPs, but could be expanded to include other functional registrations, if needed. Presently an initial certification review is required before an entity can begin performing those functions and any subsequent reviews would only be required if significant changes occur as described in Appendix A of the ROP. Essentially, this is a “one-and-done” process that is forward-looking to ensure the entity has sufficient tools, processes, controls, training, and procedures in place to meet core BES reliability functions for that entity’s registration. Potential non-compliance items found during a subsequent certification review can be shifted to the CEA and addressed within the scope of the CMEP. If the CEA has sufficient reason to believe an entity is not accepting the responsibility to perform a function essential to their registration and is not prepared to comply with the performance-based or risk-based requirement(s), then the entity’s certification can be reviewed and potentially revoked requiring a new certification review before it can be reinstated into this program.

Another potential enhancement would be to develop a Controls Program for the CMEP. Today, a controls review is performed with CMEP activities and allows the CEA to obtain reasonable assurance that an entity has sufficient controls in place to remain compliant with the Reliability Standards. Many of those controls are also responsive to the competency-based requirements. The CEA can evaluate an entity’s controls to determine if they are sufficiently designed to minimize the likelihood of non-compliance to a specific performance-based or risk-based requirement. For example, if the objective of a requirement is to keep the system within its System Operating Limits, then a controls review could look at the tools the entity has for monitoring and (if necessary) alerting for potential or actual exceedances. The controls review would also verify the operators have sufficient authority and training to implement actions (when necessary) to minimize the risk to the BES. If the CEA believes the controls are insufficient, then they can issue a recommendation or if needed, an Area of Concern.

**Purpose:** What specific Standards-based inefficiency(s) or issue is this concept intended to address?

a) **Disproportionate resources to manage low risk activity** – Moving competency-based requirements to Certification Program/CMEP controls review process would allow Registered Entities to focus more resources on higher-risk performance and risk-based requirements.

b) **Excessive data collection and retention obligations** – Moving competency-based requirements to Certification Program/CMEP controls review process would require less data collection and retention obligations for Registered Entities and would allow more focus and resources on higher-risk performance and risk-based requirements.
c) **Inefficient method to address emerging threats or changing technology** – Moving competency-based requirements to Certification Program/CMEP controls review process would require less resources and obligations for both the Registered Entities, but also the ERO, and would allow industry resources to address any sort of emerging threat or changing technologies.

**Advantages**: What are the intended advantages with this concept?

a) **Reduces compliance costs associated with low risk activity** – Moving competency-based requirements to Certification Program/CMEP controls review process would allow Registered Entities to focus more resources on higher-risk performance and risk-based requirements. This would lower the compliance costs associated with performing the compliance obligations of lower risk (competency-based requirements).

b) **Reduces costs associated with data retention** – Moving competency-based requirements to Certification Program/CMEP controls review process would allow Registered Entities to focus more resources on higher-risk performance and risk-based requirements. This includes the compliance costs associated with data retention for lower risk (competency-based requirements).

c) **Incentivizes creative thinking and best practices** – Moving competency-based requirements to Certification Program/CMEP controls review process would allow for Registered Entities to be more creative and use best practices, because this new program is more about a Registered Entities’ controls in place for meeting the performance-based or risk-based requirements.

**Disadvantages**: What are the potential disadvantages with this concept?

a) **Requires significant industry resources to implement** – Moving competency-based requirements to the Certification Program/CMEP controls review process would require a lot of work from Registered Entities, as well as the ERO. It would require Registered Entities to document their internal controls for all of the competency-based requirements moving to the new CMEP program, which would take a lot of time. It would also require the CEA to review all of the Registered Entities’ competency-based controls before the Registered Entities’ CMEP activity is completed.

b) **Requires significant changes to the ROP** – Moving competency-based requirements to the Certification Program/CMEP controls review process would require a significant amount of rework to the current NERC ROP. The current Certification Program is only for a few registrations and significant changes (new/updated EMS systems, etc.). Also, adding these competency-based requirements to a CMEP controls review is not something that is currently developed and will require a lot of work.

Concept 6: 7