Revisions to NERC Standard Processes Manual to Implement SPIG Recommendations

Unofficial Comment Form

Please **DO NOT** use this form for submitting comments. Please use the electronic comment form to submit comments on the proposed revisions to the NERC Standard Processes Manual. The electronic comment form must be completed by 8 p.m. ET **July 19, 2012**.

If you have questions please contact Laura Hussey at laura.hussey@nerc.net or by telephone at 404-446-2579.

All of the documents associated with the proposed revisions are stored on the project page.

**Background Information**

The Standards Committee has authorized posting proposed revisions to the NERC Standards Processes Manual for a formal 30-day comment period through July 19, 2012. Following the 30-day comment period, the Standards Committee Process Subcommittee will consider the comments and prepare a final set of proposed revisions to be posted for a formal 45-day comment period with a ballot during the last ten days of the comment period.

These revisions are intended to be responsive to recommendations from the Standards Process Input Group (SPIG). At its February 9, 2012 meeting, the NERC Board of Trustees (BOT) requested the assistance of the NERC Member Representatives Committee (MRC) to provide policy input, and a proposed framework, for specific improvements needed to the standards development process. The MRC Chair and Vice Chair invited several members of the MRC, two NERC BOT members, the NERC CEO, and the Standards Committee (SC) Chair – the group collectively known as the SPIG – to join with them as participants in developing recommendations to improve the standards development process in the following key areas:

- Clarity on the reliability objectives, technical parameters, scope, and the relative priority of the standards project
- The drafting process (developing the specific technical content of the standard)
- Standards project management and workflow
Formal balloting and commenting

To help ensure that the SPIG focused its efforts on the most important areas for improvement, it began its work by gathering input from subject matter experts, including the regions, the MRC, standard drafting team leaders, NERC staff, and other stakeholders. This input was collected through a series of interviews supplemented by a formal survey. Based on the input received, the SPIG made five recommendations to modify the way NERC develops Reliability Standards and other solutions intended to improve the priority, product, and process of standards development:

1. **American National Standards Institute (ANSI):** NERC should continue to meet the minimum requirements of the ANSI process to preserve ANSI accreditation.

2. **Reliability Issues Steering Committee (RISC):** The NERC BOT is encouraged to form a RISC to conduct front-end, high-level reviews of nominated reliability issues and direct the initiation of standards projects or other solutions that will address the reliability issues.

3. **Interface with Regulatory and Governmental Authorities:** The NERC BOT is encouraged to task NERC management, working with a broad array of Electric Reliability Organization resources (e.g., the MRC, technical committees, Regional Entities, trade associations, etc.) to develop a strategy for improving the communication and awareness of effective reliability risk controls to increase input and alignment with state, federal, and provincial authorities.

4. **Standards Product Issues:** The NERC BOT is encouraged to require that the standards development process address the use of results-based standards; cost effectiveness of standards and standards development; alignment of standards requirements/measures with Reliability Standards Audit Worksheets (RSAWs); and the retirement of standards no longer needed to meet an adequate level of reliability.

5. **Standards Development Process and Resource Issues:** The NERC BOT is encouraged to require the standards development process to be revised to improve timely, stakeholder consensus in support of new or revised reliability standards. The BOT is also encouraged to require standard development resources to achieve and address formal and consistent project management and efficient formation and composition of standard drafting teams.

The recommendations also aim to strengthen consensus building, first on the need for a standard and then on the requirements themselves. Further detail is available in the posted SPIG report.
At its May 2012 meeting, the NERC Board of Trustees assigned the Standards Committee to work on implementation of recommendations 1, 4, and 5 (and thus Recommendations 2 and 3, which focus on the RISC and interfacing with governmental authorities, are not addressed in the posted revisions to the Standard Processes Manual). The Standards Committee Process Subcommittee formed four subteams to develop proposed process changes to implement these recommendations. The proposed revisions to the Standard Processes Manual reflect the work of these subteams, and the Standards Committee and Process Subcommittee would like your input to ensure that the proposed revisions are consistent with the SPIG recommendations and will result in a process that meets the needs of the industry to develop high quality Reliability Standards in a manner that makes efficient use of industry resources.

Note that a number of the SPIG’s suggestions associated with Recommendations 4, and 5 do not require specific changes to the NERC Standard Processes Manual. The Standards Committee is working with NERC staff on the implementation of those suggestions.

You do not have to answer all questions. Enter all comments in simple text format. Bullets, numbers, and special formatting will not be retained in the electronic form.

1. In Recommendation 1, the SPIG recommended that NERC continue to meet the minimum requirements of the American National Standards Institute (ANSI) process to preserve ANSI accreditation. In Recommendation 5, the SPIG encouraged NERC to address standards process and resource issues by revising the standard development process to improve timely stakeholder consensus in support of new or revised reliability standards. This recommendation included suggestions that comment responses be bundled, and that the SDT post the draft standard for an informal comment period of 30 days but not be required to respond to comments.

NERC has confirmed with ANSI that only one formal comment period is required under ANSI’s process. To fulfill Recommendation 5 while remaining in accordance with Recommendation 1, the revised standard process requires only one formal comment period. The drafting team is required to respond to comments in writing prior to a Final Ballot being conducted, although the team may respond in summary form. The drafting team may offer individual responses if deemed necessary or useful for developing additional consensus. Informal comment periods and other means of gathering informal input may be employed at any time to collect
stakeholder feedback, but the drafting team is not required to respond in writing to comments obtained in these forums (though they may do so if they wish).

Do these proposed revisions adequately address the SPIG Recommendations? If not, please explain why and offer an alternative solution for improving the timely development of standards while maintaining ANSI accreditation.

☐ Yes  ☒ No

Comments: Due to the uncertainty of the CEAP and not knowing the responsibilities of the RISC at the time of this posting, it is premature to agree that the revisions adequately address the SPIG recommendations.

2. As noted in Question 1, SPIG Recommendation 1 states that NERC should continue to meet the minimum requirements of the American National Standards Institute (ANSI) process to preserve ANSI accreditation. Currently, the NERC standards development process exceeds the minimum ANSI requirements in two areas that involve the treatment of Negative (No) ballots (ballots “rejecting” a standard or standards-related item, both with and without comments):
   a. The NERC Standards Development Process considers negative votes with comments (regardless of the nature of the comment or if the comment is even relative to the standard being balloted) in both the determination of quorum and in calculating industry consensus.
   b. The NERC Standards Development Process considers negative votes without comments in the determination of quorum and in calculating industry consensus.

ANSI requirements consider negative votes with comments related to the proposal under consideration in determining quorum and the calculation of industry consensus. However, ANSI requirements do not require the consideration of negative votes accompanied by comments that are not related to the proposal under consideration, or negative votes without comments in determining industry consensus. ANSI requirements allow for negative votes to be considered only in the calculation to determine quorum.

Thus, in the revised Standard Processes Manual, negative votes that are submitted without comment, or that are submitted with a comment unrelated to the posted standard, will be included in the determination of quorum but will not be included in the determination of
consensus. Stakeholders will be given explicit guidance on submitting constructive comments to drafting teams, and they will be given an explanation if their vote and associated comment are not included in consensus (with the opportunity to appeal). This change ensures that stakeholders are encouraged to offer constructive feedback that drafting teams can use to improve draft standards and reach consensus efficiently.

Does this proposed revision adequately address SPIG Recommendation 4? If not, please explain why and offer an alternative solution for improving the timely development of standards while maintaining ANSI accreditation.

☐ Yes
☒ No

Comments: It addresses the recommendations, however we do not necessarily agree with the approach taken. The revision doesn’t address when an entity refers to comments submitted by another entity. For example, NPCC votes “no” with relevant comments, and an entity votes “no”, and indicates a reference those comments submitted by NPCC.

3. As part of Recommendation 4, the SPIG encouraged NERC to require the alignment of standard requirements/measures with Reliability Standard Audit Worksheets (RSAWs). The SPIG also recommended that NERC revise the Essential Elements of the Standards Template to eliminate redundancies.

To address these recommendations, the revised Standard Process Manual eliminates measures from the standard template in favor of having drafting teams work with ERO compliance staff to develop more detailed RSAWs in parallel with the standard.

Does this proposed revision adequately address SPIG Recommendation 4? If not, please explain why and offer an alternative solution for addressing the SPIG’s Recommendations with respect to RSAWs and the Essential Elements of the Standards Template.

☒ Yes
☐ No

Comments:
4. As stated in Question 3, as part of Recommendation 4, the SPIG encouraged NERC to revise the Essential Elements of the Standards Template to eliminate redundancies, using Violation Severity Levels (VSLs) as an example.

To address this Recommendation, the revised Standard Process Manual eliminates VRFs and VSLs from the standard template in favor of a Sanction Table Reference (Results-Based Requirement Category Reference) to conserve drafting team and stakeholder resources and ensure consistency in the application of sanctions.

Does this proposed revision adequately address SPIG Recommendation 4? If not, please explain why and offer an alternative solution to revise the Essential Elements of the Standards Template to eliminate redundancies such as VSLs.

☐ Yes
☒ No

Comments: The title of the tables should be changed to ‘Operations’ Sanctions Table Guidelines, ‘Cyber Security’ Sanctions Table Guidelines, and ‘Planning’ Sanctions Table Guidelines. Are these three tables intended to encompass all standards?

5. As part of Recommendation 4, the SPIG encouraged NERC to ensure the cost effectiveness of standards through documentation of alternatives analysis.

A Cost Effective Analysis Proposal (CEAP) was posted for industry comment on May 7, 2012, through July 6, 2012. Does this draft document adequately address the SPIG Recommendation? If not, please explain why and offer an alternative solution for ensuring the cost effectiveness of standards through documentation of alternatives analysis.

☐ Yes
☒ No

Comments: The revision does not reference the CEAP, therefore not adequately addressing the SPIG recommendation. The CEAP is a separate and proposed guideline document not referred to in this Standard Processes Manual.
6. If you have any other comments on these proposed revisions that you haven’t already mentioned above, please provide them here:

Comments: One item not included but needing further discussion is the comment forms being provided to the industry on all NERC activities. All the comment forms seem to be stated as “we made this change. Do you agree with this change?” An opportunity for back-and-forth is not being provided to the industry with these types of comment forms. Who or what “body” should be approached with this issue. There should be more opportunities for open discussion with industry through the proper construction of questions on the comment forms.

Following are additional comments:

1. Section 16 is a new section giving the SC authority to “waiver” the process steps. I do not support giving the SC this authority, thereby removing the requirement to report deviations of the process. I believe the SC already takes an exceptional amount of liberty with their “authority”. More transparency is needed when a waiver is exercised and a justification process should be required.

The concept of a waiver provision with appropriate controls/qualifications to ensure the provision must be used appropriately.

The proposed Waiver provision, as drafted, is too broad. The provision should require a clear demonstration of why the SPM process is inadequate in the circumstances where a waiver is permitted.

Suggest the following edits to the first two bullet points following “limited to the following circumstances”:

- Where the standards team demonstrates that the SPM process will not allow the team to meet regulatory deadlines set by FERC;
- Where the standards team demonstrates that the SPM process will not allow the team to meet deadlines imposed by the NERC Board of Trustees; or . . .

2. The section on “variances” implies that a variance is needed for “a conflict with an approved tariff”. Are Standards allowed to be developed under such scenarios?

3. NERC and the SC had taken the position that the BOT action had limited Interpretations to the Requirements. However, upon further inquiry regarding the
Level 1 appeal for the NWPP FRI on BAL-002, the BOT instructed that their action had been too strictly interpreted and that their action did not limit things contained within the “four corners” of the Standard. However, even after this clarification, as I look through the SPM changes, there continues to be this egregious attempt to limit the Industry’s ability to request an appropriate Interpretation and, therefore, stave off inappropriate enforcement. The specifics of this are in the Interpretation section, the SPM indicates that an RFI should be rejected if (1) an issue can be addressed by an active standards development activity; (2) RFI request clarity on any items other than a Requirement; and (3) an RFI has already been addressed in the “record.” I am not supportive of these and actually believe that (2) and (3) completely contradict one another.

4. There remains language allowing for “waivers” of enforceable requirements for field trial purposes. Since the enforceable requirements are essentially backed by law, I question the SC and BOT authority to enact such “waivers.”

5. Section 4.18 proposes to give the SC additional authority to “withdraw” Standards, Interpretations, Definitions for “good cause” once the Standards, Interpretations, or Definitions has already been approved by industry and the BOT. See item 1 above.

6. Clarification is needed for quorum and approval calculations with examples given.

7. Balloting: the Ballot Body has 10 CALENDAR days to vote; however, if a baloter votes NO without providing appropriate comments they will be contacted to enable them to provide appropriate comments for their NO vote to count and they will have 10 BUSINESS days. I think both should be business days.

8. The process of opening a solicitation every year seeking ideas for new Standards Development proposals should cease. We are already inundated with Standards Development activities and anyone can submit a SAR at any time.

9. There is a new paragraph added to the Interpretation Section (7.0), that appears to give NERC staff authority to continue to not process Interpretations after the BB approves them. It states, “The NERC Reliability Standards and Legal staffs shall review the final Interpretation to determine whether it has met the requirements for a “valid” Interpretation. Based on this review, the NERC Reliability Standards and Legal staffs shall make a recommendation to the NERC Board of Trustees regarding adoption.”
10. What Criteria constitutes a valid interpretation being used by NERC Standards and Legal Staff?

11. Standards Drafting Team Composition: NPCC supports the changes to Section 3.6 with regard to composition of drafting teams. However, NPCC believes that the standards drafting teams need more defined leadership in order to operate effectively, especially if quality review will be an ongoing process. NPCC recommends that this section be further revised to designate a project manager for each Standards Drafting Team with a defined role to: 1) ensure project deliverables and deadlines are met; 2) be responsible for oversight of the quality review process; 3) ensure the work of the team remains within the scope of the SAR. NPCC is not suggesting that a new position be created, but that a better-defined project manager function could be incorporated into either the role of the team chairperson or the team’s NERC facilitator. With the addition of more non-technical experts to drafting teams, the project manager role might be better served by a non-technical member of the team.

12. Ultimately an individual has the right to say a standard is not needed and that no amount of “tweaking” will make it acceptable.