Revisions to NERC Standard Processes Manual to Implement SPIG Recommendations

Unofficial Standard Comment Form

Please **DO NOT** use this form for submitting comments. Please use the [electronic form](#) to submit comments on the Standard Processes Manual (SPM) revisions. The electronic comment form must be completed by 8 p.m. ET October 10, 2012.

If you have questions please contact Laura Hussey at [laura.hussey@nerc.net](mailto:laura.hussey@nerc.net) or by telephone at 404-446-2579. All project-related documents are available on the [SPM project page](#).

**Background Information**

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 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.

To help ensure that the SPIG focused its efforts on the most important areas for improvement, the group 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 that input, the SPIG produced a document with 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. (Note that the RISC was formed during the August 16 BOT meeting.)

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.

These recommendations were presented to the BOT and approved on May 9, 2012. The SC was specifically charged with addressing SPIG Recommendations 1, 4, and 5. The SC has organized this effort by leveraging each of its subcommittees, the Process Subcommittee (SCPS) and the Communications and Planning Subcommittee (SCCPS), to work in parallel on developing proposed revisions and conducting outreach to industry stakeholders to ensure that all interested stakeholders have an opportunity to provide their input.

On June 20, 2012, the first draft of SPM revisions was posted for a 30-day stakeholder comment period. The SCPS, supported by NERC staff, has spent the last several weeks reviewing this feedback, revising the proposed SPM as necessary, and responding to stakeholder comments. The proposed revisions to the SPM are included in the posted redline version of the document, and can be summarized as follows:

- Clarification of the requirements for responding to stakeholder comments during informal and formal comment periods
- Retention of the concept of including ‘no’ ballots that are not accompanied by comments in the calculation of quorum, but not being counted in the calculation of consensus; elimination of the evaluation of comments submitted alongside a ‘no’ vote to determine relevance
- Clarification of the proposal to move measures from standards to RSAWs
- Removal of the proposal to eliminate VRFs and VSLs from standards
- Clarification of the handling and purpose of interpretations
• Clarification of the intent of the waiver provision in section 16.0

The SC, its subcommittees, and NERC staff are grateful for the industry participation on this project to date, and encourages stakeholders to continue to offer feedback on the proposed SPM revisions so that the SC can deliver a significantly improved process in a timely fashion.

You do not have to answer all questions. Enter all comments in simple text format as bullets, numbers, and special formatting will not be retained.

Insert a “check” mark in the appropriate boxes by double-clicking the gray areas.

Questions:

1. In response to stakeholder feedback about changes to the commenting process, the SCPS clarified that all written comments received via informal feedback will be posted and that while drafting teams are not required to provide a written response to each individual comment received, the teams are encouraged to post a summary response that identifies how it used comments submitted by stakeholders (addressed in section 4.5). The SCPS revised sections 4.12 and 4.13 to clarify the requirements to consider and respond to all written comments. These sections now read:

4.12 Consideration of Comments
A drafting team must respond in writing to every stakeholder written comment submitted in response to a ballot prior to conducting a Final Ballot. These responses may be provided in summary form, but all comments and objections must be responded to by the drafting team. All comments received and all responses shall be publicly posted.

However, a drafting team is not required to respond in writing to comments to the previous ballot when it determines that significant changes are needed and an additional ballot will be conducted.

4.13 Additional Ballots
If a stakeholder or ballotter proposes a significant revision to the Reliability Standard during the formal comment period or concurrent Ballot that will improve the quality, clarity, or enforceability of that Reliability Standard, then the drafting team may choose to make such revisions and post the revised Reliability Standard for another 45 calendar
day public comment period and ballot. Prior to posting the revised Reliability Standard for an additional comment period, the drafting team must communicate this decision to stakeholders. This communication is intended to inform stakeholders that the drafting team has identified that significant revisions to the Reliability Standard are necessary and should note that the drafting team is not required to respond in writing to comments from the previous ballot. The drafting team will respond to comments received in the last additional ballot prior to conducting a Final Ballot.

With these revisions, indicated in redline form in the posted SPM, do you support the proposed the new process for addressing comments?

☑ Yes  
☐ No
Comments:

2. In the first posted draft of the SPM, the SCPS proposed handling ‘no’ votes without comments or with unrelated comments in the way that ANSI recommends – by counting those votes toward quorum but not toward the calculation of consensus, with a detailed evaluation for determining whether a comment is relevant. With this proposed change, the SCPS was trying to encourage stakeholders to only submit the kind of constructive comments that help standard drafting teams improve the standard and reach technical consensus.

Based on the comments received, the SPM has re-examined this issue and determined that the approach for evaluating the relevance of comments requires additional clarification, so it has eliminated the process for reviewing the relevance of comments from the proposed revisions. However, the SCPS has retained the concept of including ‘no’ ballots that are not accompanied by comments in the calculation of quorum, but not being counted in the calculation of consensus.

Do you support this modified proposal for handling ‘no’ votes?

☑ Yes  
☐ No
Comments:
3. Many stakeholders supported the SCPS’s proposal to move measures from standards into Reliability Standards Audit Worksheets (RSAWs), as in most cases, measures included in standards are little more than a repeat of the requirement (offering little value to registered entities and compliance auditors).

Under the proposed new process, measures will indeed be moved from standards to RSAWs, and the standard drafting team and compliance staff will collaborate to develop the RSAW alongside the standard to ensure consistency from early on in the standards project. As proposed in the first posting, the RSAW will then be posted alongside the standard during the final 45-day comment period, and the RSAW will be subject to a non-binding poll and ultimately presented to NERC’s BOT for information. This process is already being piloted, and lessons learned during the pilot will be applied if this proposed process continues.

Do you support the proposal to move measures to RSAWs and have drafting teams and compliance staff collaborate on RSAW development, as proposed in the first posting and again in the latest posted revisions to the SPM?

☐ Yes
☒ No

Comments: It is important for Stakeholders to be able to provide input into the Measures via the Reliability Standards, specifically to ensure there are not additional Requirements inadvertently incorporated into the RSAWs. Because there is no obligation for NERC to include comments from the Stakeholders in the RSAWs, the Measures should not be moved from the Standards development process.

4. In the first posted revisions to the SPM, the SCPS proposed eliminating Violation Risk Factors (VRFs) and the Violation Severity Levels (VSLs) to address several issues identified in the SPIG recommendations. Based on the majority of the comments received, the SCPS has re-examined the proposed revisions and concluded that certain aspects of the proposal require additional clarification.

Therefore, the proposed revisions to eliminate the VRFs and VSLs will be removed from the next draft of the SPM. The VRFs and VSLs will continue to be drafted by the SDT and a non-binding poll will continue to be conducted per the SPM.

The SCPS will continue to develop concepts in response to the SPIG recommendations to ease the burden on the drafting teams and shorten development time frames associated with
standard development projects – including strategies for eliminating VRFs and VSLs while maintaining the ERO’s focus on the potential risk to the reliability of the BES.

Do you support the continued use of VRFs and VSLs as the SCPS works towards a more effective solution for eliminating them from the standards process?

☐ Yes  ☒ No

Comments: The development of the VRFs and VSLs takes a significant amount of time and effort in the Standards development process. Since the resulting “benefit” does not outweigh the cost of this effort, we suggest these be eliminated.

5. Section 7.0 of the SPM, which concerns interpretations, was revised to ensure that stakeholders have a common understanding of what aspects of a standard may be addressed by an interpretation. Only requirements require technical expertise to interpret, and those kinds of interpretations thus require the traditional utilization of a drafting team. Other less technical questions, like a concern about an effective date, do not require the formation of a drafting team and ballot pool and all the associated processing.

The SCPS does want to provide stakeholders the ability to maintain control over how interpretations are developed, but the interpretation process in its entirety can lead to large volumes of work and the delay of processing high-priority standards projects. With the revisions proposed in the posted SPM, the SC aims to increase transparency about the handling of interpretations, with the goal of reducing the number of rejected interpretations and ultimately decreasing the interpretation-related burden on drafting teams and stakeholders.

Do you agree that this clarification on the use of interpretations will be useful?

☐ Yes  ☐ No

Comments: While we agree with clarification on the use of Interpretations, we do not agree that the Interpretations are limited in the cases of “Where an issue can be addressed by an active standard drafting team.” or “Where a question has already been addressed in the record.” In the first instance, although duplication of effort is not desirable, it is not acceptable that a Responsible Entity may be found in violation and subsequently penalized while awaiting development of a standards development process. In the second instance, if there is a question
that has been ‘addressed in the record’ we believe that this clarity should be incorporated into the Reliability Standard itself.

6. In the first posted revisions to the SPM, the SCPS proposed the addition of section 16.0, which introduced a waiver provision to allow the SC some flexibility in administering the standards process to meet reliability needs. In other words, the waiver process allows the SC to modify the standards process in rare cases for good cause.

Many stakeholders were concerned about this addition, but the SCPS continues to believe that a waiver provision is essential for giving the SC, and thus the industry, the ability to act expeditiously when necessary for reliability (e.g., in responding to regulatory directives in a timely manner). The waiver provision would not give the SC unilateral power in modifying the process, but would require a presentation to the BOT explaining the need for the use of waiver. It could only be utilized if the BOT supported the explanation for the need of the waiver.

With this additional clarification, can you support the addition of the waiver provision in section 16.0?

☐ Yes
☒ No

Comments: The SC already has, and has previously, exercised the ‘authority’ to ‘deviate’ from the process. However, the current requirement is that the SC must report these ‘deviations’ to the CCC and Board. With this blanket waiver, the industry would lose the information that may be critical to understanding when and where the process may be broken and, therefore needs to be deviated from.

7. If you have any other comments on these proposed revisions that you haven’t already mentioned above, please provide them here:

Comments: The following additional comments:

• The footer in the main page is erroneous, given the recent relocation of the NERC offices to Atlanta.
• There should be an obligation on NERC to file a Board-approved Standard with appropriate regulatory bodies within 30 to 60 days.
• There should be a limit on the number of recirculation ballots that are required/can be performed, so that the Industry has an opportunity to appropriately affect the outcome of a Standards project through a re-ballot.
• The VRFs and VSLs should be eliminated from the Standards Development Process.
• The revision should include the changes to incorporate the formation of the Reliability Issues Steering Committee (RISC).
• The annual solicitation of projects by NERC Staff is no longer needed and should be eliminated. There is a backlog of Standards Projects in the plan and there is no need to ask for more work in this area. If there is an identified reliability need, a SAR should be submitted.
• The proposed elimination of the ability to appeal from the SPM is not acceptable.
• We do not support addition of section 4.18 which appears to give the Board additional authority outside of Process. Any withdrawals should go through the industry for balloting.
• We do not support the proposed addition of the paragraph (in Section 7.0) which reads “The NERC Reliability Standards and Legal Staff 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 Staff shall make a recommendation to the NERC Board of Trustees regarding adoption.” This is the responsibility of the SC.
• We do not support the proposed addition of the paragraph (in Section 7.0) which reads “NERC Board of Trustees may direct the development of a new or revised Reliability Standard to address a national security situation that involves confidential issues.....” This resides within the authority of FERC.
• We do not support the five year review modification to ten years. The enforcement of the five year review would have made the Paragraph 81 initiative unnecessary.
• Regarding the No voting without responses, NERC should change their tool such that the submitter gets an error message unless something is included in the comments field. This would appropriately resolve the issue.
• The present SPM has an “expedited standards development process” that was stricken. However, the RoP section 300 (Reliability Standards Development) requires that process. Section 309.3 references it. The SPM should retain that. Without it in the SPM, NERC cannot respond to a request from a governmental authority for expedited development of a standard. The SPM therefore needs to retain that procedure, and if this provision were reinstated, the use of a waiver process would be minimized since the expedited process would be a provision of the SPM.
The proposed version of Section 16.0: Waiver of the SPM (from the clean version, p. 49) allows the Standards Committee wide latitude to waive any SPM provision. From the document:

“The Standards Committee may waive any of the provisions contained in this manual for good cause shown, but limited to the following circumstances:

• Where necessary to meet regulatory deadlines;
• Where necessary to meet deadlines imposed by the NERC Board of Trustees; or
• 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.

In no circumstances shall this provision be used to modify the requirements for achieving quorum or the voting requirements for approval of a standard. The Standards Committee shall report the exercise of this waiver provision to the Board of Trustees prior to adoption of the related Reliability Standard, Interpretation, definition or Variance.

Reliability Standards developed as a result of a waiver of any provision of the Standard Processes Manual shall not be filed with ANSI for approval as American National Standards.”

The use of a waiver will result is a violation of the NERC’s American National Standards Institute (ANSI) approved standards development process. Otherwise, the last highlighted sentence above would not be needed. Reporting the use of a waiver prior to the Board of Trustees (BOT) adopting a standard is unacceptable (refer to “The Standards Committee shall report the exercise of this waiver provision to the Board of Trustees prior to adoption of the related Reliability Standard, Interpretation, definition or Variance.”). The exercise of the waiver and BOT approval may be separated by years of work by both the Standards Committee (SC) and the standards drafting team (SDT). Each exercise of a SC waiver should have BOT finality so that the BOT will not be pressured to approve any waiver in order to not reject the substantial body of work that has followed the exercise of the waiver by the SC. At a minimum, waivers to the SPM should be preceded by the following:

a. The posting of an SC document to the Registered Ballot Body that describes the reason for the requested waiver, including the threat to reliability, and what processes would be affected by the waiver.
b. A short (10 day) period for accepting Registered Ballot Body comments.
c. After comments are received, the SC may either withdraw the waiver or request its expedited approval by the NERC board, ensuring that the Board is supplied with the
comments received. The entire process proposed above could be completed within 30-45 days, causing a minor delay for the hopefully rare exercise by the SC of waiving a SPM provision.

- The extension of the ballot window when the last day falls on a Saturday, Sunday or federally-recognized United States holiday, should be modified to include Canadian holidays. It must be recognized that the document applies continent-wide.