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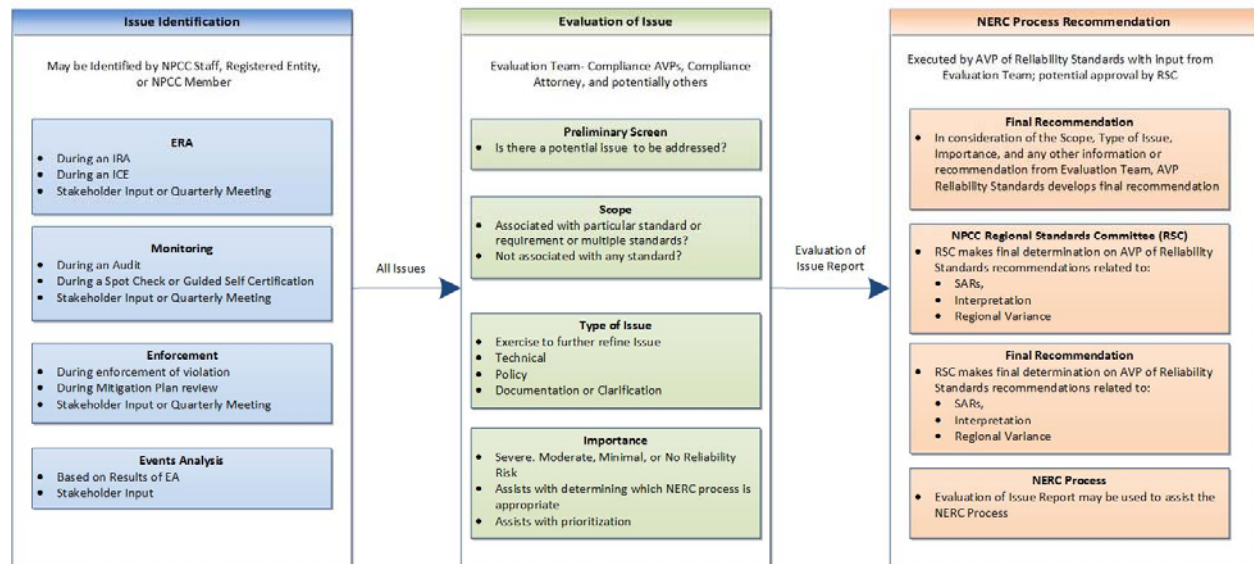
NPCC Regional Feedback Mechanism process

Review and Re-Approval Requirements: The NPCC Regional Feedback Mechanism process as documented herein will be reviewed periodically as appropriate for possible revision. Amendments to the NPCC Regional Feedback Mechanism process shall be reviewed by the NPCC Reliability Standards Committee and reviewed and endorsed or approved by the NPCC Compliance Committee.

1. Overview

1.1. The NPCC Regional Feedback Mechanism process is intended to document how a results-based Reliability Standard improvement Issue (“Issue”) is identified, evaluated, and addressed. The process demonstrates how an Issue, which potentially contributes to the improvement of standards and reliability, will be processed within NPCC. This process will effectively and efficiently route Issues to the appropriate NERC Standard Development Process to be addressed. The diagram below illustrates the feedback mechanism process.

NPCC Regional Feedback Mechanism to Improve Reliability Standards



2. Issue Identification

2.1. The areas in which Issues are most likely to be identified are entity risk assessment, Compliance monitoring and enforcement, and Events Analysis.

2.2. In each area, Issues may be identified by NPCC, a registered entity, or an NPCC member.

2.3. Each area shall follow the process described below for identifying Issues.

2.4. Entity Risk Assessment

NPCC's Entity Risk Assessment team (“ERA”) is responsible for performing an Inherent Risk Assessments (“IRA”) on every registered entity and may perform an Internal Controls Evaluations (“ICE”) on registered entities that choose to have their internal controls evaluated.

2.4.1. At any time during or after each IRA or ICE, a person that represents any entity identified in section 2.2 may identify a potential Issue.

2.4.2. The ERA team shall have periodic meetings at least once each calendar quarter to review IRAs and ICEs conducted and to discuss whether the ERA team identifies any potential Issues.

2.5. Monitoring

NPCC audits/monitoring staff is responsible for compliance audits, spot checks, and guided self-certifications.

- 2.5.1. At any time during or after each audit, spot check, or guided-self certification, a person that represents any entity, identified in section 2.2, may identify a potential Issue.
- 2.5.2. The audit/monitoring staff shall have periodic meetings at least once each calendar quarter to review monitoring activity conducted and to discuss whether the monitoring team identifies any potential Issues.

2.6. Enforcement

NPCC Enforcement staff is responsible for enforcing non-compliances of reliability standards identified by any means. This includes non-compliance risk assessments and mitigation of non-compliances.

- 2.6.1. At any time during or after the enforcement of a non-compliance or a group of non-compliances, a person that represents any entity, identified in section 2.2, may identify a potential Issue.
- 2.6.2. Enforcement staff shall have periodic meetings at least once each calendar quarter to review enforcement activity conducted and to discuss whether enforcement identifies any potential Issues.

2.7. Events Analysis

Events Analysis staff is responsible for reviewing events reported by registered entities.

- 2.7.1. At any time during or after the evaluation of an event, a member of Events Analysis, or a person from the register entity submitting the events analysis report, may identify a potential Issue.
- 2.8. To submit an identified Issue, the NPCC Feedback Identification of Issue Form must be completed and submitted by email to feedbackloop@npcc.org.
- 2.9. Once an Issue is submitted, the Feedback Loop Administrator will review the Issue for completeness and work with the submitter until such time as the Issue has been sufficiently defined.
- 2.10. Once the issue is sufficiently defined, the Feedback Loop Administrator shall notify the Evaluation Team identified in Section 3.2 and the Compliance Committee of the identified Issue (via email) and place information related to the Issue into the Feedback Loop Tracking Sheet.

3. Evaluation

- 3.1. Once an Issue is identified, it must be evaluated. This evaluation is not intended to find a solution to the Issue nor is it intended to replicate or replace the existing means to change the Reliability Standards through the NERC Standard Development Process. Instead, this evaluation is intended to identify the scope, type, and importance of the Issue and to use that information to identify the appropriate means within the existing NERC Standard Development Process to further examine the Issue and/or find a solution to the Issue. The evaluation is also intended to provide valuable input to the relevant NERC Standard Development Process.

3.2. Identification of the Evaluation Team

- 3.2.1. The Evaluation Team will consist of the AVP of Audits and Risk Assessment or his designee, the AVP of Enforcement & Mitigation or his designee, the Compliance Attorney or his designee, and may also include other personnel.
- 3.2.2. Additional personnel may request to be added to the Evaluation Team and may be added at the discretion of the Evaluation Team. Such personnel may include personnel from a registered entity, an NPCC member, NERC, another Regional Entity, or a governmental agency.
- 3.2.3. Upon being notified of an Issue, the Evaluation Team shall appoint an Evaluation Team Leader. If no Evaluation Team Leader is appointed, the Compliance Attorney shall be the default Evaluation Team Leader.

3.3. Evaluation Team Preliminary Screen

- 3.3.1. Once the Evaluation Team is notified of an Issue, it is expected to perform a preliminary screen within two weeks of such notification, or as soon as practical. The preliminary screen is designed to eliminate identified Issues that do not rise to the level of needing consideration by the Evaluation Team. Not all Issues that pass the preliminary screen will receive a Reliability Standard Process Recommendation.
- 3.3.2. The preliminary screen factors are:
 - a. Has the identified Issue already been fully addressed in a reliability standard?
 - b. Has the identified Issue already been fully addressed by other means?
 - c. Has the identified Issue already been fully addressed in the last year in the NERC Standards development process?
 - d. Is the identified Issue currently or previously addressed in one or more NERC Standards development processes or in the process of approval or implementation?

Issues may fail the preliminary screen if the answer to any one of the four factors (a through d above) is "YES" or if the Evaluation Team identifies and documents another reason not to evaluate an identified Issue.

- 3.3.3. The Evaluation Team is not required to perform a complete evaluation for identified Issues that fail the preliminary screen. Instead, the Evaluation Team shall render a determination documenting the reason or reasons why the identified Issue failed the preliminary screen and notify the Feedback Loop Administrator, the AVP of Reliability Standards, the NPCC Compliance Committee, the NPCC Reliability Standards Committee and the requester. The Feedback Loop Administrator shall provide the relevant input related to the preliminary screen determination into the Feedback Loop Tracking Sheet.

Evaluation of Issue

- 3.4. Once an Issue passes the preliminary screen, the Evaluation Team shall conduct a full evaluation of the potential Issue. A full evaluation of an Issue considers the scope, type, and the importance of the Issue. It may also consider other characteristics.

3.5. Scope of Issue

The Evaluation Team shall make a recommendation on the scope of the Issue. To identify the scope of the Issue, the Evaluation Team shall determine whether the Issue is related to a specific requirement, a specific Reliability Standard, multiple Reliability Standards, or whether the Issue is not related to any particular Reliability Standard.

3.6. Type of Issue

The Evaluation Team shall make a recommendation identifying the type of Issue. Identifying the type of Issue is not a prescriptive evaluation but an exercise to further refine and document the identified Issue. A non-exhaustive list of factors that may be used to identify the type of Issue is included below. However, each of these factors may not be applicable to certain Issues. Furthermore, there may be other factors not included in the list below that can be used to describe the type of Issue.

- a. Is the Issue technical in nature?
- b. Does the Issue involve a potential policy determination?
- c. Is the Issue related to the clarity of an existing Reliability Standard or requirement?
- d. Is the Issue related to documentation or measuring the means of complying with a Reliability Standard or requirement?
- e. Is the Issue related to a concept not covered by the Reliability Standards?
- f. Is the Issue related to duplication of requirements or Reliability Standards?
- g. Other factors?

3.7. Importance of Issue

The Evaluation Team shall make a recommendation on the importance of the Issue. The importance of an Issue may help identify which existing NERC Reliability Standard Develop Process is appropriate and how to prioritize resolution of the Issue. The importance of the Issue may be directly related to the reliability risk of not addressing the Issue. Issue importance may be categorized as Severe, Moderate, Minimal or None as follows:

- 3.7.1. If the reliability risk of not addressing the Issue is Severe, then the Issue likely requires immediate attention.
- 3.7.2. If the reliability risk of not addressing the Issue is Moderate, then the Issue may require immediate attention or it may be addressed during a future periodic review of a related Reliability Standard or requirement.
- 3.7.3. If the reliability risk of not addressing the Issue is Minimal, then the Issue does not require immediate attention and could be addressed in the next review of a related standard (assuming a standard is related to the Issue).
- 3.7.4. If there is no reliability risk (None) to addressing the Issue, then the Issue does not require immediate attention and may be addressed in the next review of a related standard or the Issue may not need to be addressed at all.

3.8. Other input

- 3.8.1. The Evaluation Team may include other input in the Evaluation of Issue Report.
 - a. For example, during its evaluation, the Evaluation Team may have developed amendments to a Reliability Standard that would address the Issue. In such a case, the Evaluation Team should include the developed amendments to a Reliability Standard as recommendations to the NERC Standard Development Process.

- b. However, since the evaluation is not intended to replicate or replace the existing NERC Standard Development Process, neither proposed Reliability Standard language nor a solution to address the Issue needs to be included in the Evaluation of Issue Report.
- 3.8.2. During the evaluation, the Evaluation Team may discover that the identified Issue is being addressed or has been addressed in one or more NERC Standards development processes. In such a case, the Evaluation Team may identify this as other input and may make a recommendation not to pursue the Issue and notify the requester.

3.9. Evaluation of Issue Report

- 3.9.1. The Evaluation Team is expected to complete an Evaluation of Issue Report within 45 days from the day the Evaluation Team was notified of the Issue or as soon as practical.
- 3.9.2. The Evaluation of Issue Report shall document
- c. The members of the Evaluation Team, including the Evaluation Team Leader
 - d. The scope of the Issue
 - e. The type of Issue
 - f. The importance of the Issue
 - g. Any other input, if applicable
- 3.9.3. The Evaluation of Issue Report may also make a recommendation(s) regarding which process should be used to develop amendments to a Reliability Standard.
- 3.9.4. If the Evaluation Team cannot reach consensus on any particular item within the Evaluation of Issue Report, the relevant AVP or his designee shall make the final determination for such item. In such cases, the non-consensus position on any particular item shall be documented within the Evaluation of Issue Report.
- 3.9.5. Upon completion, the Evaluation Team Leader shall provide the Evaluation of Issues Report via email to the Feedback Loop Administrator, the AVP of Reliability Standards, the NPCC Compliance Committee, the NPCC Reliability Standards Committee, and the person who submitted the Issue.
- 3.9.6. The Feedback Loop Administrator shall place the relevant information from the Evaluation of Issue Report into the Feedback Loop Tracking Sheet.
- 3.9.7. If the Evaluation Team cannot complete an Evaluation of Issue Report within 45 days from the day the Evaluation Team was notified of the Issue, the Evaluation Team Leader shall provide a status report to the CC and the Feedback Loop Administrator. The Feedback Loop Administrator shall provide the relevant input related to the status into the Feedback Loop Tracking Sheet.

4. NERC Reliability Standard Development Process

- 4.1.1. Upon receipt of the Evaluation of Issue Report, the AVP of Reliability Standards or his designee shall consider the information provided and make a recommendation of whether to further pursue the Issue and which NERC process to pursue the Issue.
- 4.1.2. Potential NERC Processes include, but are not limited to:
- a. Requesting a change to a Reliability Standard through a Standard Authorization Request (SAR)

- b. Requesting an interpretation to a Reliability Standard requirement through a Request for Interpretation
 - c. Requesting a Regional Variance to a Reliability Standard requirement
 - d. Recommending the development of Implementation Guidance or an Auditor's Practice Guide
 - e. Requesting an Issue be tracked and reviewed during the next periodic review of the relevant Reliability Standard
- 4.1.3. The Reliability Standard Committee reviews each SAR, Interpretation, and Regional Variance recommendation from the AVP of Reliability Standards and makes the final determination of whether and how to pursue the Issue.
 - 4.1.4. Each Implementation Guidance, Auditor's Practice Guide, periodic review, or other recommendation from the AVP of Reliability Standards shall be a final determination of whether and how to pursue the Issue.
 - 4.1.5. The AVP of Reliability Standards or the Reliability Standards Committee may, but is not required to, request a presentation of the Issue described in the Evaluation of Issue Report from the Evaluation Team Leader.
 - 4.1.6. The AVP of Reliability Standards or his designee is expected to complete and document a final recommendation within 45 days of receiving the Evaluation of Issue Report or on a schedule determined based on the severity of the Issue, which shall document:
 - a. The determination of whether to submit the Issue into the NERC Standards Development Processes,
 - b. The determination of which NERC standards process is best suited to pursue the Issue, and
 - c. The date the determination was made.
 - 4.1.7. The AVP of Reliability Standards or his designee shall provide the final determination via email to the Feedback Loop Administrator, the Evaluation Team, the NPCC Compliance Committee, the NPCC Reliability Standards Committee, and the person who submitted the Issue.
 - 4.1.8. The Evaluation of Issue Report and/or the final determination may be shared freely to assist the NERC process.
 - 4.1.9. For each Issue, the feedback mechanism process is complete when an Issue fails the preliminary screen (Section 3.3) or the activity in the final determination (Section 4.1.2) is implemented.
 - 4.1.10. The development of CMEP Implementation Guidance is not a Reliability Standard activity. However, it is possible that Issues may be best addressed through CMEP Implementation Guidance as described in the NERC Compliance Guidance Policy. In such cases, the AVP of Reliability Standards shall recommend that the NPCC Compliance Committee examine the Issue from the perspective of developing Implementation Guidance.

5. References

- 5.1.1. NPCC Feedback Identification of Issue Form
- 5.1.2. NPCC Feedback Loop Tracking Sheet
- 5.1.3. NPCC Evaluation of Issue Report

5.1.4. NERC Compliance Guidance Policy

5.1.5. NERC Reliability Standards Development Plan



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Process to Evaluate effectiveness of NPCC Regional Feedback Mechanism

Northeast Power Coordinating Council, Inc. (NPCC) is responsible for promoting and enhancing the reliability of the international, interconnected bulk power system in Northeastern North America. NPCC carries out its mission through, among other things, the compliance assessment and enforcement of continent-wide and regional reliability standards.

Introduction

NPCC developed a NPCC Regional Feedback Mechanism (feedback mechanism) to improve NERC Reliability Standards based on CMEP Implementation and Event Analysis. The feedback mechanism identifies risk-based Reliability Standard improvement issues, evaluates these issues, and when appropriate, implements the process to incorporate the improvement issues into the Reliability Standards. The overarching objective of the feedback mechanism is to promote and enhance the reliability of the bulk power system, in support of NPCC's mission.

The feedback mechanism is in support of ERO Enterprise Strategic Goal 1a, which is to ensure the Reliability Standards are clear, responsive to reliability and security risks, practical to implement and cost effective and in support of ERO Enterprise Strategic Goal 2, which is to be a strong enforcement authority, independent, without conflict of interest, objective, and fair and promote a culture of reliability excellence through risk-informed compliance monitoring. The feedback mechanism process was endorsed by NPCC's Compliance Committee in September and published on the NPCC webpage in October 2016.

This document describes the process NPCC will use to measure and validate the effectiveness of the feedback mechanism.

Metrics

To measure and validate the effectiveness of the feedback mechanism, NPCC will measure the following metrics on an annual basis:

Metrics related to identification of Issues

NPCC will measure the number of Issues identified, the number of Issues identified by each type of entity (NPCC, registered entity, or NPCC member) and the number of Issues identified in each area (Events Analysis, Entity Risk Assessment, Compliance Monitoring, or Enforcement). Identifying the number of Issues identified is necessary to evaluate whether and how often the feedback mechanism is being utilized. Identifying the type of entity and area in which an Issue is identified will assist in evaluating how Issues are being identified for evaluation by the feedback mechanism.

Metrics related to processing Issues

NPCC will measure the number of Issues that fail the preliminary screen, the number of Issues evaluated, and the number of days it takes to evaluate the Issues. These metrics will be used to evaluate the efficiency of processing Issues using the feedback mechanism. Measuring the number of Issues that fail the preliminary screen will provide data regarding whether the factors used in the preliminary screen need to be adjusted or whether additional guidance is necessary

regarding the kind of Issues that the feedback mechanism is intended to address. The number of Issues evaluated and the number of days it takes to evaluate the Issues will provide data regarding whether the feedback mechanism is effectively processing issues in a timely matter.

Metrics related to feedback mechanism output

NPCC will measure and document the number of Issues that are recommended to be further pursued, and categorize each Issue by which NERC process was recommended. This data will provide a snapshot summary of recommendations made through the feedback mechanism. It can also serve as a basis for determining whether the Issue was addressed to completion in the relevant NERC process.

Finally, NPCC will measure whether each Issue was actually addressed in the NERC process. Measuring whether an Issue was addressed in the NERC process does not mean that the Issue has to be solved in one particular manner or another. Instead, this metric is related to whether the Issue identified and evaluated was addressed (i.e. discussed and responded to) by one of the identified NERC processes.

NPCC staff will develop an annual report that will indicate the number of Issues that were processed through the Feedback Mechanism. For each Issue processed, the following metrics will be reported.

1. Type of Entity
 - NPCC
 - Registered Entity
 - NPCC Member
2. Area of Identification
 - Entity Risk Assessment
 - Monitoring
 - Enforcement
 - Events Analysis
3. Related to Specific Jurisdiction (All, New Brunswick, Nova Scotia, Ontario, Québec, United States)
4. Preliminary Screen (Pass/Fail)
5. Evaluation Completed (Y/N)
6. Number of Days to Issue Evaluation Completion
7. Recommendation Made to Address Issue? (Y/N)
8. Recommended Track (NERC Processes)
 - None
 - SAR
 - Request for Interpretation
 - Regional Variance
 - Implementation Guidance or CMEP Practice Guide

- Track Issue for next periodic review

9. Issue Addressed in the NERC Process? (Y/N/TBD)

Presentation of Metrics

NPCC staff will present the results of these metrics on an annual basis to the CC; and if requested, to the RSC.

Conclusion

Tracking and documenting these metrics will help measure and validate the effectiveness of the feedback mechanism process. More specifically, these metrics will help quantify the efficiency of the feedback mechanism process and determine whether the implementation of the feedback mechanism has been effective in improving the NERC Reliability Standards.