

## **Five Year Assessment Comment**

MISO commends NERC on the progress it has made since the last performance assessment. MISO strongly supports the overall direction that NERC has mapped out for its ongoing improvement and maturity including its philosophy and initiatives. MISO would, however, like to offer the below comments, which focus on three primary areas: (1) expansion of NERC's toolkit; (2) the Reliability Assurance Initiative (RAI); and (3) NERC's proposal to modify its registration process based on risk.

### **Expansion of NERC's Toolkit**

MISO believes that there are equally or more effective tools than a Reliability Standards for emerging issues and those issues that are not fully defined. Examples of these situations include Geomagnetic Disturbances (GMD), new Critical Infrastructure Protection threats such as coordinated physical attack, cold weather preparedness, etc.

While NERC is addressing two of these issues via new Reliability Standards, issues of this nature may be better addressed through tools that are more quickly and easily adjusted as situations evolve and change (e.g., new threats) or as lessons are learned. Accordingly, MISO respectfully suggests that, for issues such as GMD, etc., NERC expand its tool kit such that these issues are addressed, but in a manner that allows for modification as the issue evolves and data and trends become more discernible. A very minor change to the Rules of Procedure would allow the crafting of a tool such as criteria that would look like a standard and could be audited, but that would result in the offering of recommendations, not direct financial sanctions).

### **Reliability Assurance Initiative**

The RAI has the potential to glean many benefits, not just in the areas of compliance and enforcement, but in other NERC programs. The RAI enables NERC's move toward a more mature enterprise where all its programs are mutually supporting. Benefits are enabled if the various NERC programs focus on a set of common core principles:

- Fact- and Results-Based standards, compliance, and enforcement.
- Adoption of a self-correcting, self-reporting, continuous-learning philosophy.
- Honing of NERC's focus on those issues that impact reliability.
- Reduced allocation of time and resources (NERC, Regional Entities, and the Industry) to minor issues.

While NERC has made progress toward reducing its caseload and the standards development backlog, future changes need to consider impact on the full spectrum of NERC stakeholders (Registered Entities, Regional Entities, NERC and FERC). For example, "Find, Fix, Track" (FFT) process has shown good results in the bulk processing of violations. Still, the effort spent by the Registered Entity does not appear to be substantially reduced. As NERC proceeds through its improvement and maturation path, the common core principles should be shared across NERC and the Industry and the path should support the formation of a partnership between NERC, the Regional Entities, and the Industry.

**Risk-Based Registration**

MISO supports the concept of risk-based registration, but recommends some caution in how the Risk-Based Registration is implemented. MISO strongly believes there is an opportunity to “right size” monitoring, but hope this doesn’t evolve into setting new bright line criteria that simply moves entities off the registry. More specifically, the risk-based registration concept must be carefully developed and implemented to ensure that entities that remain registered are not adversely impacted.