



DAVID R. NEVIUS
Vice President

NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

July 29, 2002

Mr. James T. Thompson
Program Manager, Procedures and Standards Administration
American National Standards Institute
25 West 43rd Street, 4th Floor
New York, New York 10036

Dear Jim:

Response to PSEG's Comments of July 23, 2002

The following is in response to supplemental comments filed by the PSEG Services Corporation (PSEG) on NERC's application for ANSI accreditation of our standards development process.

At the outset, NERC points out that *two* PSEG representatives submitted self-nomination forms to join the "Determine Facility Ratings, Operating Limits, and Transfer Capabilities" SAR Drafting Team. (This fact was not mentioned in the PSEG comments.) The NERC Standards Authorization Committee (SAC) selected one of the two PSEG representatives for appointment to that team. In making this selection, the SAC gave preference to the more senior of those two candidates based on higher qualifications and the fact that the selected candidate provided better balance to the drafting team. The selected PSEG representative has 25 years of experience primarily in the technical and administrative areas covered by the subject standard. The second candidate did not offer such expertise.

Since PSEG's supplemental comments were submitted out of time and prior to receipt of NERC's initial response, which was mailed July 23, we do not know whether PSEG's original questions and concerns have been resolved.

In its supplemental comments, PSEG raises a very specific example to support its argument that the NERC standards process is exclusionary. PSEG stated that the NERC process is:

" . . . exclusionary by denying voting rights to some qualified individuals, while allowing only its hand-picked participants to vote on these critical drafting teams. NERC's standards development process denies voting rights to individuals who NERC acknowledges have the requisite expertise to participate. NERC's application for ANSI accreditation has similar exclusionary provisions for the standards drafting teams as well. NERC should allow all individuals with a bona fide interest in a proposed standard to fully participate and vote in all matters affecting the standard, including both of these drafting committees."

RESPONSE: NERC disagrees with PSEG's comments and makes the following responses:

- The NERC process for making appointments to drafting teams is fair, open, balanced, inclusive and designed to protect the interests of the entire industry.
- Opening the voting process in drafting meetings to all interested parties could unfairly skew a vote to represent the interests of one segment of the industry, or even one entity within a segment, that has greater resources to participate than others.
- The NERC standards development process does provide every interested party an opportunity to fully participate in the entire standards development process, including voting on all standards.

NERC's standards development process provides a fair, open, balanced, and inclusive process for selecting members of its drafting teams. The size of the SAR and Standard Drafting Teams is kept relatively small (10–15 members) for efficiency and effectiveness. The Standards Process Manager and the SAC, which itself has balanced representation of the industry segments, makes a good faith effort to identify and appoint candidates with the best expertise who will collectively represent as many different industry interests as possible. If teams' memberships were opened to allow all interested parties to join, there would be no guarantee that actions taken by the teams were taken on behalf of the best interests of the industry as a whole, or simply by those who could afford to send the most people to meetings of the drafting teams.

Here are highlights of the nomination/selection process for NERC's Drafting Teams.

- NERC posts and distributes through e-mail list servers, an announcement that NERC is seeking volunteers to serve on a drafting team, and encourages interested parties to complete and submit a self-nomination form by a specified date. All members of the Registered Ballot Body are on at least one of these list servers.
- Any interested party can submit a self-nomination form to indicate interest and skills for a particular SAR or Standard Drafting Team. There are no membership requirements associated with joining a drafting team.
- The Standards Process Manager reviews each self-nomination form and identifies a proposed list of candidates that have the requisite technical expertise and that collectively provide balance among NERC Regions/Interconnections, industry segments, industry functions (as identified in NERC's Industry Functional Model), committees, and nationality.
- The SAC, made up of two representatives elected by each of the nine segments, reviews the list of candidates and makes appointments to drafting teams. The SAC's goal in making team appointments is to ensure that each team contains the requisite technical knowledge and is also as "balanced" as possible.

The SAR and Standards Drafting Teams work as 'agents' for all segments of the industry. The drafting teams use the comments submitted by industry participants to determine the scope and details of each SAR and associated standard. Voting by the SAR and Standard Drafting Teams is not for the purpose of approving a SAR or a Standard, and this is incorrectly stated by PSEG. Rather, the internal SAR Drafting Team voting is done to establish consensus among the small, balanced technical team that the SAR or Standard is ready for consideration by the SAC to move on to the next stage of the approval process, or to indicate that a draft standard is ready to be presented to the Standard Ballot Pool for a vote.

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PSEG is correct that only members of drafting teams appointed by the SAC are eligible to vote during this internal process. The teams appointed by the SAC are selected to carefully represent a balance of industry interests. The various segments of the electric utility industry do not always share the same opinion on a particular standard, and different industry segments may want to push for, or against, the advancement of a proposed standard for their own purposes. If all interested parties were allowed to vote during drafting team meetings, then one industry segment could send a busload of representatives to meetings to move a vote in a specific direction for the gain of that industry segment. Similarly, one entity could send numerous representatives to drafting team meetings to bias the vote in their favor.

Full participation in the NERC standards development process by all interested parties is afforded by virtue of providing the opportunity for anyone to initiate a request for a standard, comment on a standard authorization request or draft standard, submit a self-nomination form to be considered for a drafting team, attend any meeting of any drafting team, and for any member of the Registered Ballot Body to join a Standard Ballot Pool and to vote on a standard. In addition, the appeals process is open to anyone who has been or will be adversely impacted by any standards action or inaction.

- NERC's process allows EVERYONE who is a member of the Registered Ballot Body to join a Standard Ballot Pool and vote on final approval of a standard.
- NERC is not denying voting rights to PSEG. In fact, NERC notes that PSEG already has registered four individuals for the Registered Ballot Body, one in each of the four Segments for which PSEG qualifies.
- ANYONE from PSEG may attend meetings of the drafting teams and comment on posted SARs or standards.

In summary, NERC considers its process quite inclusive and urges ANSI to reject the supplemental comments filed by PSEG.

Sincerely,

A handwritten signature in black ink, appearing to read "D. R. N. S." with a stylized flourish at the end.

cc: Gregory Eisenstark, PSEG Services Corporation

Gregory Eisenstark
Assistant General Solicitor

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July 24, 2002

Mr. Ronald J. Niebo
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Re: **North American Electric Reliability Council
Application for ANSI Accreditation as a Standards Developer**

Public Service Electric and Gas Company (“PSE&G”), PSEG Power LLC, and PSEG Energy Resources & Trade LLC (collectively the “PSEG Companies”) are writing to supplement their earlier comments and questions dated June 24, 2002 in this matter and to provide a concrete example of the exclusionary nature of the North American Electric Reliability (“NERC”) process under review by ANSI. Below is an exact copy of a recent E-mail letter sent by NERC to individuals who were denied voting membership on the NERC standards authorization request drafting team. The telling sentence reads as follows:

“It's obvious you have the expertise needed to provide meaningful comments on the Determine Facility Ratings, Operating Limits, and Transfer Capabilities SAR, and **while you won't be a voting member** of this drafting team, we would welcome you at team meetings - these are open to everyone who pre-registers.” (Emphasis added).

NERC is clearly being exclusionary by denying voting rights to some qualified individuals, while allowing only its hand-picked participants to vote on these critical drafting teams. NERC's standards development process denies voting rights to individuals who NERC acknowledges have the

requisite expertise to participate. NERC's application for ANSI accreditation has similar exclusionary provisions for the standards drafting teams as well. NERC should allow all individuals with a bona fide interest in a proposed standard to fully participate and vote in all matters affecting the standard, including both of these drafting committees.

The PSEG Companies continue to have significant reservations as to whether NERC's processes satisfy ANSI's requirements, based on NERC's statements in its Application and in its standards development process attached to the Application, and in NERC's implementation of its process as demonstrated in the below-quoted NERC letter. To date, the PSEG Companies have not received a response from NERC to the questions and concerns expressed in the June 24, 2002 PSEG Company letter to NERC. Accordingly, the PSEG Companies respectfully request that ANSI continue to withhold approval of NERC's Application until all issues and comments raised herein are satisfactorily answered and resolved by NERC. The PSEG Companies request that NERC and ANSI add it to any correspondence list relevant to the disposition of the Application.

Thank you for the opportunity to comment on the NERC application.

Very truly yours,

Gregory Eisenstark
Assistant General Solicitor
On Behalf of the PSEG Companies

NERC E-mailed letter in its entirety:

"From: Maureen Long [mailto:melong@compuserve.com]
Sent: Tuesday, July 09, 2002 11:07 PM
To: Blind.Copy.Receiver@compuserve.com
Subject: Facility Ratings SAR Drafting Team Appointments

Dear Industry Participant:

The NERC Standards Authorization Committee (SAC) met last week and selected the members for the next 3 SAR Drafting Teams:

- Monitor and Assess Short-term Transmission Reliability - Operate Within Limits
- Determine Facility Ratings, Operating Limits, and Transfer Capabilities
- Coordinate Interchange

While the SAC did not select you for the Determine Facility Ratings, Operating Limits, and Transfer Capabilities SAR drafting team, it did

appreciate the self-nomination form you submitted. If you volunteered for one of the other seven SAR Drafting Teams, please be advised that the SAC has decided to delay these appointments until August.

It's obvious you have the expertise needed to provide meaningful comments on the Determine Facility Ratings, Operating Limits, and Transfer Capabilities SAR, and while you won't be a voting member of this drafting team, we would welcome you at team meetings - these are open to everyone who pre-registers. All meeting notices, agendas and minutes will be posted on the NERC Web Site.

I also hope you will actively participate by submitting comments on this SAR as it is refined. NERC's new Standards Development process depends on participation from people such as you in the review and comment steps. Indeed, you are the real drivers of this organization!

If you have any questions, please don't hesitate to contact me.

Maureen E Long
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