

November 29, 2018

VIA ELECTRONIC FILING

David Erickson
President and Chief Executive Officer
Alberta Electric System Operator
2500, 330 - 5 Avenue SW
Calgary, Alberta
T2P 0L4

RE: *North American Electric Reliability Corporation*

Dear Mr. Erickson:

The North American Electric Reliability Corporation (“NERC”) hereby submits Notice of Filing of the North American Electric Reliability Corporation of Proposed Revisions to the Standard Processes Manual, Appendix 3A to the NERC Rules of Procedure.

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Shamai Elstein

Shamai Elstein
*Senior Counsel for the North American Electric
Reliability Corporation*

Enclosure

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

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**BEFORE THE
ALBERTA ELECTRIC SYSTEM OPERATOR**

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION)**

**NOTICE OF FILING OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
OF PROPOSED REVISIONS TO THE STANDARD PROCESSES MANUAL,
APPENDIX 3A TO THE NERC RULES OF PROCEDURE**

The North American Electric Reliability Corporation (“NERC”) hereby submits proposed revisions to the Standard Processes Manual, Appendix 3A to the NERC Rules of Procedure (“ROP”). As provided in Exhibit A, the proposed Standard Processes Manual contains greatly enhanced processes for field tests to support standards development and for the posting of supporting technical documents; targeted improvements to the processes for appeals and Interpretations; language to clarify several standard processes; and editorial revisions, updates, and corrections throughout the document. For the reasons set forth in this filing, the proposed revisions are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

I. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to the following:

Shamai Elstein
Senior Counsel
Lauren A. Perotti
Counsel
North American Electric Reliability
Corporation
1325 G Street, N.W.
Suite 600
Washington, D.C. 20005
202-400-3000
shamai.elstein@nerc.net
lauren.perotti@nerc.net

Howard Gugel
Senior Director, Standards and Education
North American Electric Reliability
Corporation
3353 Peachtree Road, N.E.
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560
howard.gugel@nerc.net

II. BACKGROUND

A. Appendix 3A of the NERC ROP, Standard Processes Manual

The NERC Standard Processes Manual provides implementation detail in support of Section 300 of the NERC ROP, Reliability Standards Development. The document describes the policies and procedures to be followed related to the development, approval, revision, reaffirmation, and withdrawal of Reliability Standards, Interpretations, Violation Risk Factors and Violation Severity Levels, definitions, Variances, and supporting technical documents. The Standard Processes Manual also describes the roles of the Standards Committee, drafting teams, and the ballot body during the standard development process.

The Standard Processes Manual is designed to provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing proposed Reliability Standards. NERC is an American National Standards Institute (“ANSI”)-

accredited standards developer.¹ As such, NERC reviews its Standard Processes Manual periodically to ensure it remains consistent with the ANSI essential requirements.²

The currently effective version of the Standard Processes Manual, version 3, was submitted on March 13, 2013. Version 3 represented a significant improvement in the standard development process, providing for flexibility and more streamlined standard posting and balloting procedures while maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing Reliability Standards. In the course of implementing version 3, NERC identified additional improvements and refinements. These revisions are the subject of this filing.

B. Development of the Proposed Revisions

Under the oversight of the NERC Standards Committee, a small group consisting of Standards Committee Process Subcommittee members and NERC staff reviewed specific sections of the NERC Standard Processes Manual to update the document and propose revisions that would clarify and improve existing language and standard processes. This project began in 2015 with a proposal to revise Section 6.0 of the Standard Processes Manual to create a formal role for NERC technical committees with relevant technical expertise in the development, approval, and oversight of field tests. Over time, the project scope expanded to include other sections of the manual.

Section 15 of the Standard Processes Manual describes the process that must be followed to revise standard processes. This revision process includes, among other things, formal

¹ NERC ROP, Section 316 (“NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.”).

² See ANSI, *Essential Requirements: Due Process Requirements for American National Standards* (January 2018), <https://share.ansi.org/Shared%20Documents/Standards%20Activities/American%20National%20Standards/Procedures%2C%20Guides%2C%20and%20Forms/ANSI-Essential-Requirements-2018.pdf>.

comment and ballot periods and a ballot procedure that is the same as that used for approval of a Reliability Standard. **Exhibit B** to this filing includes a summary of the development history and the complete record of development, including comments received by stakeholders on the proposed changes during each of the three comment periods and the drafting team's consideration of those comments. The fourth draft of the revised Standard Processes Manual was approved by the ballot body on October 29, 2018 with an 81.61 percent approval rating with 85.96 percent quorum. The NERC Board of Trustees approved the proposed revisions on November 7, 2018.

III. PROPOSED REVISIONS

The revisions proposed in version 4 of the Standard Processes Manual help to clarify the document and improve upon the processes for developing standards. The proposed revisions fall into the following general categories:

- improvements upon existing standard processes, including major revisions to the processes for field tests (Section 6.0) and posting of supporting technical documents (Section 11.0), and targeted revisions to the processes for appeals (Section 8.0) and Interpretations (Section 7.0);
- revisions to clarify existing processes, including processes for standards balloting and responding to comments (Section 4.0), developing Variances (Section 9.0), and periodic reviews (Section 13.0); and
- revisions to streamline language, correct capitalization or titles of documents, and make other necessary updates (Sections 1.0, 2.0, 3.0, 10.0, 16.0).

As revised, the Standard Processes Manual continues to provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. Additionally, the proposed revised Standard Processes Manual continues to meet all of the requirements necessary for NERC to maintain its ANSI accreditation.

Below is a section-by-section explanation of the proposed revisions. In addition to the changes described below, corrections in capitalization of defined terms and document names

have been made throughout, and the document has been re-formatted into the current NERC template.

A. Section 1.0: Introduction

NERC proposes several non-substantive revisions in Sections 1.1 (Authority), 1:2 (Scope), and 1.3 (Background) to streamline language. Additionally, in Section 1.1, NERC proposes to add a provision to clarify that, unless otherwise specified, any period of time that is counted in days shall refer to calendar days. This provision and the corresponding changes throughout the document promote clarity and resolve inconsistencies in version 3 relating to the use of the terms “days” and “calendar days”.

B. Section 2.0: Elements of a Reliability Standard

NERC proposes to update Section 2.1 (Definition of a Reliability Standard) to match the current definition of that term, which was submitted on December 16, 2015.³ NERC also proposes several revisions in Section 2.5 (Elements of a Reliability Standard) to streamline language, to correct capitalization of defined terms, and to reflect the removal of Application Guidelines and Procedures from the NERC Reliability Standards template, in accordance with the Technical Rationale Policy endorsed by the NERC Standards Committee in 2017.⁴ Under this policy, supporting technical information will no longer be appended to the standard in a Guidelines and Technical Basis section. Such information will instead be contained in a stand-alone Technical Rationale document.

³ *Notice of Filing of the North American Electric Reliability Corporation of Proposed Rules of Procedure Revisions*, submitted on December 16, 2015.

⁴ Technical Rationale in Reliability Standards (June 14, 2017), <https://www.nerc.com/pa/Stand/Resources/Documents/Technical%20Rationale%20in%20Standards.pdf>.

C. Section 3.0: Reliability Standards Program Organization

Revisions are proposed in Sections 3.1 (Board of Trustees) and Section 3.4 (Standards Committee) to streamline language. Language regarding the composition of the Standards Committee is removed and replaced with a reference to the relevant ROP appendix.

In Section 3.5 (NERC Reliability Standards Staff), a footnote is added to specify that the NERC Director of Standards may delegate authority to perform certain responsibilities under the Standard Processes Manual to another member of the NERC standards staff. This provision promotes the effective administration of the Reliability Standards program by allowing designated staff to undertake certain actions, such as authorizing a deviation from the usual rule governing the formation of ballot pools in the event of an extraordinary circumstance (*see* Section 4.8 (Form Ballot Pool)).

In Section 3.6 (Drafting Teams), revisions are proposed to specify that the Standards Committee shall appoint all drafting teams, including drafting teams for Interpretations, consistent with proposed revisions to Section 7.0.

In Section 3.7 (Governmental Authorities), revisions are proposed to allow for the inclusion in the future, without the need for further revisions to this section, of additional governmental authorities that may recognize NERC as the ERO and have the authority to approve Reliability Standards.

D. Section 4.0: Process for Developing, Modifying, Withdrawing or Retiring a Reliability Standard

Non-substantive revisions are proposed to language regarding posting periods in several subsections to improve readability and organization. Section 4.2 (SAR Posting) and Sections 4.12-4.14 are reorganized to clarify processes for responding to comments received during posting periods, conducting Additional Ballots, and conducting Final Ballots.

Section 4.4.2 contains two sets of substantive revisions. First, NERC proposes to delete as unnecessary and duplicative a requirement that each drafting team document how a proposed Reliability Standard meets the criteria for approval. Deleting this requirement is appropriate because it adds to the work of drafting teams but provides no additional benefit to the standard development process. NERC staff work closely with drafting teams to ensure that all relevant criteria are met, including the criteria for governmental approval. Further, the purpose of the Quality Review (*see* Section 4.6) is to ensure that proposed Reliability Standards and related elements are within the scope of their associated Standard Authorization Request and meet all criteria for approval. All Reliability Standards must continue to meet the specified criteria. Second, Section 4.4.2 is revised to reflect current practice that drafting teams may develop and post technical documents to support draft Reliability Standards or related elements.

Specifically, NERC proposes to revise this section as follows:

Section 4.4.2: Draft Reliability Standard

~~The team shall develop a Reliability Standard that is within the scope of the associated SAR that includes all required elements as described earlier in this manual with a goal of and that meeting the quality attributes identified in NERC's *Ten Benchmarks for of an Excellent Reliability Standards*, with a goal of meeting and the criteria for governmental approval. The team shall document its justification for the Requirements in its proposed Reliability Standard by explaining how each meets these criteria. The standard drafting team shall document its justification for selecting each reference by explaining how each Requirement fits the category chosen.~~

The drafting team may, at its discretion, develop one or more supporting technical documents to help explain or facilitate understanding of the draft Reliability Standard, implementation plan, VSL, or VRF. These supporting technical documents may include, among other things: (1) reference documents designed to provide the drafting team's technical rationale, analysis, or explanatory information to support the understanding of the draft Reliability Standard or related element; or (2) white papers designed to explain a technical position or concept underlying the draft

Reliability Standard or related element. Such documents may be posted during an informal comment period (Section 4.5) or formal comment period (Section 4.7).

E. Section 6.0: Processes for Conducting Field Tests and Collecting and Analyzing Data (*proposed new title: Process for Conducting Field Tests*)

In Section 6.0, NERC proposes to create an enhanced process for field tests supporting Reliability Standards development. Under this proposed process, NERC technical committees with relevant technical expertise (e.g., the NERC Planning Committee, Operating Committee, or Critical Infrastructure Protection Committee) would have a formal role in the development, approval, and oversight of field tests supporting standards development. The formal inclusion of the technical committees in the field test process is expected to improve the quality of field tests and resulting outcomes, while providing for rigorous oversight of drafting team work by those NERC bodies with the relevant subject matter expertise. The Standards Committee would continue to provide oversight to ensure that all relevant processes are followed.

Under proposed Section 6.0, a drafting team (Standard Authorization Request or standard drafting team) would develop a field test plan and schedules for implementing the field test and providing periodic status updates. The drafting team would also coordinate with NERC Staff to identify the NERC technical committee with the relevant technical expertise to oversee the field test. That “lead” technical committee would determine whether the drafting team’s field test request is technically adequate and would make a recommendation to the Standards Committee regarding whether to approve the field test going forward.

Assuming the field test does go forward, the proposed process describes the various roles and responsibilities of the drafting team, the lead technical committee, the Standards Committee, and NERC staff in conducting the field test. The proposed process also describes the steps that must be taken to continue to provide for due process and transparency. These steps would

include periodic reporting to the relevant committees and to the NERC Board of Trustees and posting of field test plans and results to the NERC website prior to the ballot of any standard involving a field test.

The proposed process specifically provides that if NERC or the lead technical committee has determined that the field test is posing a risk to reliability, the test must be stopped. The proposed process then describes the steps that must be taken to document the action and make the appropriate notifications. The proposed process continues to provide for compliance waivers, subject to the discretion of NERC Compliance Monitoring Enforcement Program staff, for those participating entities that are unable to comply with a currently enforceable Reliability Standard by virtue of their participation in the field test.

NERC notes that, while proposed Section 6.0 no longer makes specific reference to drafting teams performing “data analysis,” drafting teams are not barred or otherwise discouraged from making use of available data to support the development of Reliability Standards or Standard Authorization Requests to guide standards development. NERC continues to have tools available to support data collection and analysis to support the development of Reliability Standards, including the Request for Data or Information under Section 1600 of the NERC ROP.

F. Section 7.0: Process for Developing an Interpretation

NERC proposes to revise Section 7.0 to improve the organization of the section and clarify language regarding what constitutes a valid Interpretation as well as the circumstances under which a request for Interpretation may be rejected. The proposed clarifications include, among other things:

- a statement that specific compliance approaches should not be pursued through the Interpretation process but rather through applicable NERC Compliance

Monitoring and Enforcement Program processes (e.g., implementation or compliance guidance);

- clarifying the reference to the “record” for purposes of determining whether an issue has previously been addressed; and
- clarifying the types of projects into which an issue in an Interpretation request can be incorporated (i.e., existing project or one identified in the annual NERC Reliability Standards Development Plan).

The proposed revisions provide stakeholders with clarity on the types of issues that may and may not be addressed through the Interpretations process. The proposed revisions also include NERC staff periodically communicating the status of pending Interpretation requests to the Standards Committee. These proposed revisions promote transparency and are expected to help improve timeliness in responding to Interpretation requests.⁵

Additionally, NERC proposes to revise Section 7.0 to eliminate potential confusion regarding the appointment of drafting teams for Interpretations. Under new subheading Section 7.2.2, the Standards Committee shall appoint such teams based on recommendations from NERC staff, consistent with the appointment of standard drafting teams.

Lastly, to help ensure that initial draft Interpretations are sound and consistent with the criteria for a valid Interpretation, Section 7.2.3 contains new language to expressly require NERC staff to recommend to the Standards Committee whether an Interpretation should be posted for comment and ballot. This review and recommendation is in addition to the recommendation regarding adoption NERC staff is expected to make at the conclusion of the development process to the NERC Board of Trustees. NERC staff has traditionally reviewed

⁵ In its Order on the 2014 Five Year Performance Assessment Report, the Federal Energy Regulatory Commission encouraged NERC to “explore ways to reduce the time needed to process a request for interpretation.” *N. Am. Elec. Reliability Corp.*, 149 FERC ¶ 61,141, at P 63 (2014).

draft Interpretations prior to the initiation of the comment and ballot process; the proposed revisions would clarify that this review is required.

G. Section 8.0: Process for Appealing an Action or Inaction

NERC proposes revisions to Section 8.0 to specify that an appellant may withdraw its appeal by providing written notice to the NERC Director of Standards. Such withdrawal may be permitted at either the Level 1 Appeal or Level 2 Appeal stage. Additionally, and consistent with the proposed revisions in Section 3 described above, revisions are proposed to specify that the Director of Standards may delegate its authority to perform certain responsibilities in connection with an appeal. These responsibilities include preparing a response to a Level 1 Appeal and convening a Level 2 Appeals Panel. The proposed revisions facilitate the efficient administration of the standards appeal process by: (1) allowing for the termination of proceedings when the appellant no longer wishes to pursue its appeal to the decision stage; and (2) allowing, where appropriate, delegation of certain responsibilities in connection with appeals.

H. Section 9.0: Process for Developing a Variance

Revisions are proposed in Section 9.1 (Interconnection-wide Variances) to clarify that Variances that are proposed to apply only to the Quebec Interconnection, an Interconnection that is contained wholly within the Northeast Power Coordinating Council footprint, may be developed through the Northeast Power Coordinating Council Regional Reliability Standards development procedure.

I. Section 10.0: Processes for Developing a Reliability Standard Related to a Confidential Issue

Revisions are proposed to add explanatory text between the header and flowchart appearing under Section 10.7.

**J. Section 11.0: Process for Approving Supporting Documents
(*proposed new title: Process for Posting Supporting Technical Documents
Alongside an Approved Reliability Standard*)**

Revisions are proposed to Section 11 to clarify its scope and to define the criteria to be used for reviewing supporting technical documents before they may be posted on NERC's website alongside the associated Reliability Standard. Although this particular Section is not often invoked, NERC has identified opportunities to improve both Section 11 processes and stakeholder understanding of those processes.

The proposed revisions clarify that the scope of Section 11 is to define a process for approving the posting of supporting technical documents to approved Reliability Standards (i.e., Reliability Standards approved by applicable governmental authorities). Such documents are posted alongside the approved standard on the NERC website. Section 11 documents may be developed by any entity or individual and include references, lessons learned, and white papers that provide information that explains or facilitates understanding of the associated Reliability Standard. Such documents may not include those that provide specific compliance approaches or examples.

The proposed revisions clarify that the Section 11 review and authorization processes would not apply to supporting technical documents developed by a standard drafting team and posted as part of the standard development process. Such documents may be posted alongside the standard after it is approved to aid stakeholder understanding without the need for separate Standards Committee authorization under Section 11.

Under the revised Section 11, a proposed supporting technical document must meet three criteria before it may be posted on the NERC website alongside the approved standard. First, the document must be a type of supporting technical document contemplated by Section 11. Second, the document must be consistent with the purpose and intent of the associated standard. Lastly,

the document must have received adequate stakeholder review to assess its technical adequacy. The proposed revisions describe the roles and responsibilities of NERC staff and the Standards Committee in ensuring that these criteria are met, including the processes for posting such documents for stakeholder review to assess technical adequacy, before any documents may be approved to be posted alongside the associated, approved Reliability Standard.

The proposed revisions to Section 11 provide for transparency and due process in the evaluation of proposed supporting technical documents developed by individuals or entities outside of the regular standard development process. In addition, the proposed revisions specify that only those documents that meet the Section 11 quality criteria are posted on NERC's website alongside the standard. The proposed revisions also help facilitate ready and efficient access to documents developed by standard drafting teams and vetted through the standard development process by allowing the posting of such documents on NERC's website, alongside the corresponding approved Reliability Standards, without further Standards Committee authorization.

K. Section 13.0: Process for Conducting Periodic Reviews of Reliability Standards

NERC proposes non-substantive revisions in Section 13 to clarify the terminology used to refer to periodic reviews. A review is now referred to as a "periodic review," instead of a "five year review," where there are no outstanding governmental directives, Interpretations, or unresolved stakeholder issues and the Reliability Standard is being reviewed on account of five or ten years having passed since its effective date or NERC Board of Trustees adoption.

L. Section 16.0: Waiver

NERC proposes updates to reflect the dissolution of the Standards Oversight and Technology Committee and to correct capitalization of defined terms.

Respectfully submitted,

/s/ Lauren A. Perotti

Shamai Elstein
Senior Counsel
Lauren A. Perotti
Counsel
North American Electric Reliability
Corporation
1325 G Street, N.W., Suite 600
Washington, D.C. 20005
202-400-3000
shamai.elstein@nerc.net
lauren.a.perotti@nerc.net

*Counsel for the North American Electric
Reliability Corporation*

Date: November 29, 2018

EXHIBITS A and B