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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) hereby submits notice of several amendments and additions to the NERC Rules of Procedure. The purpose of the proposed amendments and additions is to reflect changes to the Compliance and Certification Committee (“CCC”) program documents that currently are or will be included in NERC’s Rules of Procedure. The documents for which notice is provided are to the following sections of the NERC Rules of Procedure:

- i. Section 500 – Organization Registration and Certification (amended version);
- ii. Appendix 5A: Organization Registration and Organization Certification Manual (amended version);¹
- iii. Appendix 4E: NERC Compliance and Certification Committee Hearing Procedures (new version);
- iv. Appendix 4E: NERC Compliance and Certification Committee Hearing Procedures for Use in Appeals of Certification Matters (new version);
- v. Appendix 4E: NERC Compliance and Certification Committee Mediation Procedures (new version); and
- vi. Table of Contents to the NERC Rules of Procedures – (changes as necessary consistent with the above amendments).

Also being filed for is the amended Compliance and Certification Committee Charter.

The proposed amendments to the NERC Rules of Procedure and the amended Compliance and Certification Committee Protocol were approved by the NERC Board of

¹ The proposed Appendix 5A is amended from the Appendix 5 of the NERC Rules of Procedure. NERC is designating the amended version of the Appendix in this filing as Appendix 5A because it expects to file an Appendix 5B in the near future.

Trustees on May 6, 2009; November 5, 2009; and February 16, 2010. **Attachment 1** contains a clean and redline version of Section 500 – Organization Registration and Certification.

Attachment 2 contains a clean and redline version of Appendix 5A: Organization Registration and Organization Certification Manual. **Attachment 3** contains the proposed Appendix 4E: NERC Compliance and Certification Committee Hearing Procedures; NERC Compliance and Certification Committee Hearing Procedures for Use in Appeals of Certification Matters; and NERC Compliance and Certification Committee Mediation Procedures. **Attachment 4** contains the amended Compliance and Certification Committee Charter. NERC submitted this filing with FERC on March 5, 2010, and also submitted this filing with the other applicable governmental authorities in Canada.

II. NOTICES AND COMMUNICATIONS

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

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III. STATEMENT OF BASIS AND PURPOSE OF PROPOSED AMENDMENTS

A. Proposed Amendments to Section 500 – Organization Registration and Certification and Appendix 5A: Organization Registration and Organization Certification Manual

The proposed changes to the NERC Rules of Procedure Section 500 and Appendix 5A were made to update the rules to address registration and certification changes necessary as a result of developments in NERC's registration and certification program. For example, because transitional certification has now been achieved through the NERC Organization Registration and Certification Program, the transitional process is being eliminated in this revision of the rules. A new process of Provisional Certification is proposed in these modifications to Section 500 and Appendix 5A that allow existing entities performing functions that require certification to achieve NERC certified status by satisfying the criteria set forth in the proposed amendments to the rules. Additionally, a new registration method called Coordinated Functional Registration is established in these modifications, which allows multiple entities to assume responsibilities related to Reliability Standards at the sub-requirement level. Coordinated Functional Registration is a registration method that will be used in addition to the currently-approved Joint Registration Organization process.

The proposed modifications to Appendix 5A also set expectations regarding the Organization Registration Appeals Procedure to include additional timelines to be used by registered entities and Regional Entities in the appeals processes. These timelines are designed to assist registered entities seeking an appeal of its registration on the NERC Compliance Registry in achieving a timely decision on that appeal.

B. Proposed Appendix 4E: NERC Compliance and Certification Committee Hearing Procedures; NERC Compliance and Certification Committee Hearing Procedures for Use in Appeals of Certification Matters; NERC Compliance and Certification Committee Mediation Procedures

a. NERC Compliance and Certification Committee Hearing Procedures

The proposed Compliance and Certification Committee Hearing Procedures (“Hearing Procedures”) are a proposed new addition to the NERC Rules of Procedure and address procedures to govern practices by the CCC in hearings that they participate in pursuant to Section 409 of the NERC Rules of Procedure. Section 409(4) provides the following:

Hearing by Compliance and Certification Committee – The NERC Compliance and Certification Committee shall provide representatives of the regional entity or registered entity, and the NERC Compliance Monitoring and Enforcement Program an opportunity to be heard and shall decide the matter based upon the filings and presentations made, with a written explanation of its decision.

The proposed Hearing Procedures govern the CCC’s process for complying with Section 409. The proposed procedures do two things: (1) establish procedures for determining whether registered entities or Regional Entities have violated NERC Reliability Standards in those limited circumstances when NERC itself is serving as the Compliance Enforcement Authority, and if so, what the appropriate Mitigation Plans and any remedial actions, penalties or sanctions, in accordance with the NERC ERO *Sanction Guidelines* and other applicable penalty guidelines should be; and (2) provide a mechanism in which challenges may be heard by a Regional Entity regarding a regional compliance program audit finding. These proposed procedures are modeled after and consistent with the hearing procedures for enforcement matters adopted as part of the NERC Uniform Compliance Monitoring and Enforcement Program.

b. NERC Compliance and Certification Committee Hearing Procedures for Use in Appeals of Certification Matters

The NERC Compliance and Certification Committee Hearing Procedures for Use in Appeals of Certification Matters describe procedures to govern practices before the CCC in hearings conducted to resolve any disputes related to certification activities, as described in Section 504 and Appendix 5A of the NERC Rules of Procedure. Section 504 provides that NERC shall maintain an appeals process to resolve any disputes related to registration or certification activities. The proposed procedures are based on a set of principles aimed at maintaining the integrity of the fact-finding processes, ensuring that all parties to the hearings are treated fairly, protecting against undue influence by any person or group, basing decisions solely on the facts and arguments of the record, providing consistency in hearing decisions, and expediting the hearing process.

c. NERC Compliance and Certification Committee Mediation Procedures

The NERC Compliance and Certification Committee Mediation Procedures describe an informal, voluntary process in which a CCC mediation panel assists NERC and a Regional Entity in resolving disagreements or disputes concerning NERC performance audits of a Regional Entity's compliance program. The parties to the mediation are not obligated to reach agreement, and the process does not eliminate the parties using other dispute resolutions options that are available. If the parties do reach agreement, the agreement will be binding and enforceable. The mediation process is confidential, regardless of whether or not agreement is reached.

C. Proposed Amended Compliance and Certification Committee Charter

The proposed amendments to the Compliance and Certification Committee Charter were primarily made to reflect changes to the Joint Registration Organization criteria and the Coordinated Functional Registration criteria that are being proposed in the amended Section 500 and Appendix 5A included with this filing. The proposed amendments to the CCC Charter also update references to the NERC Rules of Procedure that have been modified since the last approved version of the CCC Charter, and change references to “Director of Compliance” to “Director of Compliance Operations” to reflect recent organizational changes at NERC. Additionally, references to the Electric Reliability Council of Texas, Inc. (“ERCOT”) have been modified to state that, as long as Texas Regional Entity (“Texas RE”) is affiliated with ERCOT, the Texas RE Chief Compliance Officer must act as the final adjudicator in appeals, as appropriate.

IV. PROCESS

A. Amendments to the NERC Rules Of Procedure

Article XI, §2 of the NERC Bylaws sets forth the required procedure for approval of amendments to the NERC Rules of Procedure:

Section 2 ³/₄ Adoption, Amendment, and Repeal of Rules of Procedure ³/₄

Except as provided in Section 2 of Article XII, all Rules of Procedure, amendments thereto and repeals thereof shall be approved by the board. Proposals to adopt new Rules of Procedure or to amend or repeal existing Rules of Procedure may be submitted by (i) the Member Representatives Committee, (ii) any fifty (50) members of the Corporation, which number shall include members in at least three sectors, (iii) a committee of the Corporation to whose purpose and functions the Rule of Procedure pertains, or (iv) an officer of the Corporation. Unless the board determines that exigent conditions exist requiring adoption of a new Rule of Procedure or amendment or repeal of an existing Rule of Procedure in a shorter time, all proposals for adoption, amendment and repeal of Rules of Procedure shall be posted on the Corporation’s Web site and subject to public comment for a minimum of forty-five (45) days prior to action by the

board. All Rules of Procedure and amendments to and repeals of Rules of Procedure approved by the board shall be submitted to the Commission and to other applicable governmental authorities for approval, and shall not be effective in the United States until approved by the Commission or in Canada or Mexico until approval is obtained from any governmental authority from which approval is required in those countries and subject to any conditions, limitations, or modifications required by the Commission or other governmental authority. Nothing in this Article shall be deemed to invalidate any Rule of Procedure of the Corporation that was in effect on November 1, 2006.

The requirements of Article XI, §2 were followed in obtaining approval of the proposed NERC Rules of Procedure amendments that are the subject of this filing. The proposed amendments to the NERC Rules of Procedure Section 500 and Appendix 5A were first posted for public comment from June 23, 2008 to August 8, 2008 by the CCC's Organization Registration and Certification Subcommittee ("ORCS"). Sixteen (16) sets of comments were received that were reviewed by the CCC and the ORCS. Based on these comments, the proposed changes to Section 500 and Appendix 5A were revised and reposted a second time for public comment.

The second posting of Section 500 and Appendix 5A took place from May 22, 2009 to July 6, 2009. Nineteen (19) sets of comments were received and reviewed by the ORCS and the CCC. The final draft of the proposed changes to Section 500 and Appendix 5A were presented to the NERC Board of Trustees ("BOT") for approval at its November 5, 2009 meeting with one change added by the BOT. At the end of the "Executive Summary" Section of Appendix 5A, the BOT approved the inclusion of the following sentence:

Where a proposal for revisions to these processes comes to the Board of Trustees from sources other than the CCC, the Board of Trustees will seek the concurrence of the CCC before taking action on the proposal.

This modification is included in the clean and redline versions of the proposed Appendix 5A included in **Attachment 1** of this filing.

The documents to be included in proposed Appendix 4E of the NERC Rules of Procedure (CCC Hearing Procedures; CCC Hearing Procedures for Use in Appeals of Certification Matters; and CCC Mediation Procedures) were posted for public comment from August 20, 2008 to October 6, 2008. Comments were received and reviewed by the CCC, and conforming changes were made to the proposed Appendix 4E before being submitted to the NERC BOT for approval. The NERC BOT approved the proposed Appendix 4E documents at its May 6, 2009 meeting for filing with FERC.

B. Compliance and Certification Committee Charter

NERC is submitting revisions to the charter. The NERC Board of Trustees approved the revised charter on February 16, 2010.

Respectfully submitted,

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ATTACHMENTS 1 – 4

(Available on the NERC website at
http://www.nerc.com/fileUploads/File/Filings/Attachments_to_CCC_Procedure_Amendment.pdf)