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### ATTACHMENTS:

**Attachment 9A:** Revised Section 500 of the NERC Rules of Procedure – clean version – based on Section 500 as approved by FERC on June 10, 2010.

**Attachment 9B:** Revised Section 500 of the NERC Rules of Procedure – redlined against Section 500 as approved by FERC on June 10, 2010

## **I. INTRODUCTION**

The North American Electric Reliability Corporation (“NERC”) respectfully submits this Supplement to its “Notice of Filing of Revised Pro Forma Delegation Agreement, Relevant Revised Delegation Agreement, and Amendments to the NERC Rules of Procedure,” that was filed on June 21, 2010 (“June 21 Filing”). The purpose of this Supplement is to provide notice of amendments to Section 500 of the NERC Rules of Procedure (“ROP”) as effective June 10, 2010, based on the Federal Energy Regulatory Commission’s (“FERC”) Letter Order issued June 10 in Docket No. RR10-8-000 (“June 10 FERC Order”).

In the June 21 Filing, NERC provided notice of amendments to the NERC ROP as effective February 5, 2010, including amendments to Section 500 of the ROP. **Attachment 3A** to the June 21 Filing is a clean version of the proposed amended ROP, based on the ROP effective February 5, 2010; and **Attachment 3B** to the June 21 Filing is a redlined version of the proposed amended ROP against the ROP effective February 5, 2010. The June 21 Filing also proposed that Appendix 5 to the ROP, *Organization Registration and Certification Manual*, be relabeled as Appendix 5A, with no changes to its text.

Subsequent to February 5, 2010, NERC had submitted a filing on April 5, 2010, providing notice of (among other things) extensive amendments to Section 500 of the ROP and to Appendix 5 to the ROP, *Organization Registration and Certification Manual*. In presenting the additional proposed amendments to Section 500 of the ROP in the June 21 Filing, NERC based those proposed amendments on the ROP as effective February 5, 2010, and did not reflect the amendments to Section 500 that were contained in the April 5 Filing. However, on June 10,

2010, FERC issued an Order approving the proposed amendments to Section 500 of the ROP that NERC had filed with FERC for approval.<sup>1</sup>

As a result of this sequence of events, and due to the extensive amendments to Section 500 of the ROP approved in the June 10 FERC Order and now in effect, **Attachments 3A and 3B** to the June 21 Filing are out-of-date and potentially confusing with respect to the amendments to Section 500 of the ROP that have been proposed in the June 21 Filing. Further, some of the amendments to Section 500 proposed in the June 21 Filing are not applicable to amended Section 500 as approved in the June 10 FERC Order. Due to the extensive amendments to Section 500 approved in the June 10 FERC Order, attempting to reconcile the additional amendments to Section 500 proposed in the June 21 Filing, as shown on **Attachment 3B**, to Section 500 as approved in the June 10 FERC Order, is a cumbersome exercise. Accordingly, to simplify the review of the amendments to Section 500 proposed in the June 21 Filing, NERC is submitting in this Supplement the following two additional attachments<sup>2</sup>:

- **Attachment 9A:** Revised Section 500 of the NERC ROP – clean version – based on Section 500 as approved by FERC on June 10, 2010.
- **Attachment 9B:** Revised Section 500 of the NERC Rules of Procedure – redlined against Section 500 as approved by FERC on June 10, 2010.

Section III of this Supplement describes the proposed amendments to Section 500 of the ROP shown in redline on **Attachment 9B**. These descriptions are substantively the same as the

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<sup>1</sup> *Petition of the North American Electric Reliability Corporation for Approval of Amendments to Rules of Procedure Regarding Compliance and Certification Committee Program and for Approval of Amended Compliance and Certification Committee Charter*, filed March 15, 2010 in Docket RR10-8-000 (“March 15 Petition”). In the March 15 Petition, NERC proposed that the title of Appendix 5 be changed to *Organization Registration and Organization Certification Manual*.

<sup>2</sup> **Attachments 9A** and **9B** are numbered continuously from the Attachments to the June 21 Filing.

those provided in §IV.B.3 of the June 21 Filing, but they are organized and presented in the context of amendments to Section 500 as approved in the June 10 FERC Order and now in effect. The discussion in §III of this Supplement replaces the discussion in §IV.B.3 of the June 21 Filing.

Because the amendments to Section 500 are essentially the same as amendments proposed in the June 21 Filing, which had previously been posted for stakeholder comment and had been approved by the NERC Board of Trustees, in accordance with the NERC Bylaws,<sup>3</sup> a separate posting of the amendments shown in **Attachment 9B**, and separate approval of them by the NERC Board, is not necessary.

## **II. NOTICES AND COMMUNICATIONS**

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

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<sup>3</sup> NERC Bylaws, Article XI, section 2.

### III. REVISIONS TO SECTION 500 OF THE NERC RULES OF PROCEDURE

Amendments have been made throughout Section 500 to change references to the *Organization Registration and Organization Certification Manual* from Appendix 5 to Appendix 5A.

**Section 501, Scope of the Organization Registration and Certification Program.** In §501.1.1, the list of types of Registered Entities has been deleted. This amendment removes the need to amend this section if a new category of Registered Entity (*i.e.*, a new reliability functional category) is created or an existing one is deleted in the future. In addition, text has been added to specify that bulk power system owners, operators, and users:

shall (ii) provide NERC and the applicable Regional Entity with timely updates to information concerning the registered entity's ownership, operations, contact information, and other information that may affect the registered entity's registration status or other information recorded in the compliance registry.

Section 501.1.2 has been amended to read as follows:

In the development of the NCR, NERC and Regional Entities shall ~~consider the following factors in~~ determining which organizations should be placed on the NCR based on the criteria provided in the NERC *Statement of Compliance Registry Criteria*, which is incorporated into these rules as Appendix 5B.<sup>[4]</sup>

The specific factors listed in current §501.1.2.1 through §501.1.2.5 have been deleted. With the proposed addition of the *Statement of Compliance Registry Criteria* as an Appendix to the ROP (*see* §IV.G of the June 21 Filing), it would be duplicative and potentially confusing and inconsistent to continue to list the criteria in §501, in a considerably more summary fashion than they are presented in the *Statement of Compliance Registry Criteria*.

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<sup>4</sup> In amended Section 500 as approved in the June 10 FERC Letter Order, "NCR" stand for "NERC Compliance Registry."

In §501.1.3, for a similar reason to that stated in the immediately preceding paragraph, the text “maintaining the NCR based on the registration criteria as identified by NERC” has been changed to “maintaining the NCR based on the registration criteria as set forth in Appendix 5B *Statement of Compliance Registry Criteria.*”

Section 501.3, Delegation and Oversight, has been amended in §501.3.1 to make minor grammatical revisions, and to specify that “The Regional Entity shall administer Organization Registration and Organization Certification Programs in accordance with such delegations [from NERC] to meet NERC’s program goals and requirements subject to NERC oversight.”

**Section 502, Organization Registration and Organization Certification Program Requirements.** Section 502.2.7, which requires NERC to develop and provide training in auditing skills to individuals who participate in certification audits, has been amended to delete references to “volunteers” participating in certification audits, and to add a reference to “industry subject matter experts” participating in such audits.

**Section 503, Regional Entity Implementation of Organization Registration and Organization Certification Program Requirements.** In §503.2, which lists the organization registration activities to be performed by the Regional Entities, subsection 503.2.1, which states, “An Entity seeking registration shall contact the Regional Entity(ies) in which it operate to become registered and, if necessary, certified,” has been deleted. As provided in §7(b) of the revised pro forma Delegation Agreement, NERC will be responsible for maintaining the single consolidated Compliance Registry and will use information provided by the Regional Entities to register owners, operators, and users of the Bulk Power System on the Compliance Registry.

**Section 504, Appeals.** In §504.2, “registration and” has been deleted from the phrase “Regional Entity registration and certification appeals process.” Under §7(b) of the revised pro

forma Delegation Agreement, the Regional Entities will no longer be responsible for maintaining Regional Compliance Registries to register entities; therefore, there will be no need for a Regional Entity to maintain an appeals process for registration decisions. Additionally, the statement “in Texas RE (TRE), as long as TRE is affiliated with ERCOT, the TRE Chief Compliance Officer must act as the final adjudicator” has been deleted. Texas Reliability Entity, Inc., a corporation not affiliated with the Electric Reliability Corporation of Texas (“ERCOT”), is scheduled to become the Regional Entity for the ERCOT region effective July 1, 2010.<sup>5</sup>

**Section 505, Program Maintenance.** There are no amendments to this section.

**Section 506, Independent Audit of NERC Organization and Certification Program.** Section 506.3 has been amended to delete the phrase “according to the Reporting and Disclosure Process in Section 408,” since §408 of the ROP is being deleted.

**Section 507, Provisions Relating to Joint Registrations and Joint Registration Organizations.** There are no amendments to this section.

**Section 508, Provisions Relating to Coordinated Functional Registration (CFR) Entities.** There are no amendments to this section, which is an entirely new section initially proposed in the April 5 Filing and approved in the June 10 FERC Order.

#### **IV. APPENDIX 5A TO THE NERC RULES OF PROCEDURE**

In the June 21 Filing, NERC proposed to re-label current Appendix 5 to the ROP as Appendix 5A, with no other changes to its text. This re-labeling was proposed due to the proposed addition of the NERC *Statement of Compliance Registry Criteria* to the ROP as

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<sup>5</sup> The proposed designation of Texas Reliability, Inc. as the Regional Entity, replacing Texas Regional Entity, a division of ERCOT, was approved by FERC in a Letter Order issued May 6, 2010, in Docket No. RR10-6-000 (131 FERC ¶61,112).



Appendix 5B.<sup>6</sup> However, the June 10 FERC Letter Order approves the designation of the *Organization Registration and Organization Certification Manual* as Appendix 5A, and it is now so designated on the NERC Web site.<sup>7</sup> Accordingly, the proposal in §IV.F of the June 21 Filing is moot.

Respectfully submitted,

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<sup>6</sup> See §IV.F and §IV.G of the June 21 Filing.

<sup>7</sup> The March 15 Petition proposed, and the June 10 Order approved, extensive amendments to the text of this Appendix.

**ATTACHMENT 9A**

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

**AMENDED SECTION 500 OF THE NERC RULES OF PROCEDURE**

**CLEAN VERSION**

**BASED ON SECTION 500 AS APPROVED BY FERC**

**ON JUNE 10, 2010**

(Available on the NERC website at  
[http://www.nerc.com/fileUploads/File/Filings/Attachments\\_to\\_Supplement\\_the\\_RDA\\_Filing.pdf](http://www.nerc.com/fileUploads/File/Filings/Attachments_to_Supplement_the_RDA_Filing.pdf))

**ATTACHMENT 9B**

**NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

**AMENDED SECTION 500 OF THE NERC RULES OF PROCEDURE**

**REDLINED AGAINST**

**SECTION 500 AS APPROVED BY FERC**

**ON JUNE 10, 2010**

(Available on the NERC website at  
[http://www.nerc.com/fileUploads/File/Filings/Attachments\\_to\\_Supplement\\_the\\_RDA\\_Filing.pdf](http://www.nerc.com/fileUploads/File/Filings/Attachments_to_Supplement_the_RDA_Filing.pdf))