

Agenda

Standards Oversight and Technology Committee

May 4, 2016 | 8:30-9:30 a.m. Central

The Westin Chicago River North
320 North Dearborn Street
Chicago, IL 60654

Call to Order

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines

Agenda Items

- 1. Minutes* — Approve**
 - a. February 2, 2016 Meeting
- 2. Major IT Initiatives for 2017 and Preliminary Budget* — Review**
- 3. NERC and ERO Enterprise IT Projects Update* — Review**
- 4. Registered Ballot Body Annual Self-Selection Process* — Review**
- 5. Reliability Standards Quarterly Status Report* — Review**
- 6. Adjournment**

*Background materials included.

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

DRAFT Minutes

Standards Oversight and Technology Committee

February 2, 2016 | 2:30–3:30 p.m. Eastern

Conference Call

Mr. Kenneth G. Peterson, Chair, called to order a duly noticed meeting of the Standards Oversight and Technology Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (“NERC”) on February 2, 2016, at 2:30 p.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Members:

Kenneth G. Peterson, Chair
Paul F. Barber
Frederick W. Gorbet
David Goulding

Board Members:

Gerald W. Cauley, President and Chief Executive Officer
Robert G. Clarke
George Hawkins
Jan Schori
Roy Thilly

NERC Staff:

Charles A. Berardesco, Senior Vice President, General Counsel, and Corporate Secretary
Tina Buzzard, Associate Director
Howard Gugel, Director of Standards
Stan Hoptroff, Vice President and Chief Technology Officer
Michael Walker, Senior Vice President, Chief Financial and Administrative Officer, and Treasurer

NERC Antitrust Compliance Guidelines

Mr. Peterson directed the participants’ attention to the NERC Antitrust Compliance Guidelines included with the agenda materials, and stated that any additional questions regarding these guidelines should be directed to Mr. Berardesco.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the November 4, 2015 meeting as presented at the meeting.

Committee Self-Assessment Results

Mr. Peterson reviewed the results of the Committee self-assessment survey, referencing the presentation included in the advance Committee materials. Mr. Berardesco confirmed the Committee self-assessment followed the same format as other Board committees and that the results showed the Committee was functioning at a high level

ERO Enterprise IT Application Strategy Update

Mr. Hoptroff provided an update on the IT application strategy, referencing the detailed materials that had been included in the advance Committee materials, including work on a common model for CMEP tools and an update on the document management program. He also reviewed priorities for future company IT investments.

Reliability Standards Quarterly Status Report

Mr. Gugel presented the Reliability Standards Quarterly Status Report, referencing the detailed materials included in the advance Committee materials. He noted that there are only 35 FERC directives remaining to be addressed, and also noted the decline in the number of regional standards and number of actual standards requirements. Mr. Gugel reported that the Standards Committee will be requesting that the Board, at its upcoming quarterly meeting, accept the Committee's strategic work plan, and will be providing an update on a metric the Committee would use to review Reliability Standards. Mr. Brian Murphy, Chair of the Standards Committee, joined the call to provide further background on the proposed metric.

Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Charles A. Berardesco
Corporate Secretary

Major IT Initiatives for 2017 and Preliminary Budget

Action

Review

Background

Stan Hoptroff, NERC's Vice President and Chief Technology Officer, will make a presentation at the committee meeting which will provide an overview of the major Information Technology (IT) initiatives planned for 2017. He will also present the company's preliminary 2017 IT budget, which management proposes to include in the first draft of its 2017 Business Plan and Budget that will be posted for comment on May 19, 2016. This presentation will be posted in advance of the Committee meeting.

NERC and ERO Enterprise IT Projects Update

Action Review

Background

At the February 2016 SOTC open conference call, Information Technology (IT) provided an update on projects currently planned or underway in alignment with the ERO Enterprise IT roadmap. The update focused on the following four strategic initiatives:

- Collaboration and Information-Sharing
- Data and Analytics
- Entity Information and Communication
- Standards and Compliance

Since the conference call in February, two projects have been successfully completed: Misoperations Information Data Analysis System (MIDAS) and major enhancements to the Compliance Reporting and Tracking System (CRATS). The MIDAS application was designed and configured on the xRM platform, allowing IT to take advantage of the investment in a commercial-off-the-shelf (COTS) application. Major enhancements to the CRATS application have provided the business much-needed improvements to the application interface, analysis, and reporting capability.

Projects currently underway include replacement of legacy applications termed User Management Profile (UMP), MyAccount and Application broker, in addition to GADS Wind and Enterprise Reporting – GADS (ER GADS). Replacement of these legacy applications will all be designed, configured, and implemented on our xRM platform, further consolidating and streamlining the number of disparate business applications, resulting in a reduction of the support burden and providing additional enhancements to the ERO Enterprise. ER GADS will be designed and implemented using commercially available Microsoft applications, making the data available to authorized users via common analytical tools and when combined with Enterprise Reporting (ER) Phase 1 will form the basis for the creation of a data warehouse.

Investigation of a new Compliance Monitoring and Enforcement Process tool continues. The Technology Leadership Team (TLT) is focusing on ensuring that the appropriate value for such an investment exists to merit implementation of a single tool. Potential implementation strategies, ranging from incremental updates to a common system across the ERO, are being considered. Potential investments in this area will be analyzed through review of a detailed business case by the TLT. Program leaders from NERC and WECC have begun to explore software offerings to learn more about concepts and capabilities available in the market.

Similarly, the CMEP Technology Review Team is in the process of scheduling a series of demonstrations with four software vendors identified through the Request for Information process.

In addition to significant focus on the ERO Enterprise in late 2015, IT began implementation of a Document Management system for NERC leveraging SharePoint 2013 as the foundational platform. The implementation of the Document Management Program is well underway with the launch of the IT pilot. Additional departments are planned to come online in 2016.

Looking ahead, the 2017 IT budget will be heavily focused on the ERO Enterprise and broken down into four categories as outlined below:

- 1. ERO Enterprise Infrastructure & Support** – Items in this category are those required to support ERO Enterprise applications, along with the corresponding infrastructure and support to maintain several ERO Enterprise applications used by NERC staff, Regional Entities and registered entities. Applications such as The Events Analysis Management System (TEAMS), Bulk Electric System Notification and Exception System (BESnet), Standards Balloting System (SBS), and Reliability Coordinator Information System (RCIS) require considerable infrastructure, coupled with robust security to ensure availability to the almost four thousand users of the ERO Enterprise applications.
- 2. ERO Enterprise New Functionality** – Items in this category are those designed to enhance, improve, or add capability to the ERO Enterprise. Items such as Enterprise Reporting, data analytics and warehousing, in addition to improved Compliance Monitoring and Enforcement Program (CMEP) tools, all fall into this category.
- 3. NERC Infrastructure & Support** – Items in this category are primarily those required to maintain and run the internal office infrastructure and support NERC staff operations. Items include the network, office administrative applications (e.g., Microsoft Office, Email, SharePoint, etc.), along with network equipment, data and telecommunication circuits, hardware such as laptops, peripherals and software required for file sharing, and storage.
- 4. NERC New Functionality** – Items in this category include those that enhance or improve the internal NERC infrastructure such as Document Management, Audio Visual, Network monitoring, etc.

In 2017 and the coming years, IT will place significant emphasis on ERO Enterprise CMEP tools, along with enhancement of analytical capabilities for authorized users, in addition to continued focus on cybersecurity.

Registered Ballot Body Annual Self-Selection Process

Action

Review

Background

Section 305 of the NERC Rules of Procedure (ROP) specifies that NERC Reliability Standards must be approved by a Registered Ballot Body (RBB) prior to submittal to the NERC Board of Trustees and then to Applicable Governmental Authorities for their approval. The RBB is the aggregation of all organizations, entities, and individuals that qualify for segment representation according to [Appendix 3D \(Registered Ballot Body Criteria\)](#) of the ROP, and are registered with NERC as potential ballot participants in the voting on proposed Reliability Standards.

As required by Appendix 3D, any organization, entity, or individual, “when initially registering to join the Registered Ballot Body, *and annually thereafter*, shall self-select to belong to one of the Segments” described therein. Section 2 of the Segment Qualification Guidelines in Appendix 3D allows individuals or entities, such as consultants or vendors, “providing products or services...to another entity eligible to join Segments 1 through 7” to join the RBB if the individual or entity provides evidence that the individual or entity has provided products or services “related to Bulk Power System reliability within the previous 12 months.” Section 305 of the ROP provides that “NERC shall review all applications for joining the Registered Ballot Body, and shall make a determination of whether the applicant’s self-selection of a Segment satisfies at least one of the guidelines to belong to that segment.” Under Appendix 3D, the NERC General Counsel is tasked with reviewing initial RBB applications and annual self-selections.

Consistent with RBB participants’ responsibility under Appendix 3D to annually self-select their RBB segments and NERC’s responsibility to review those annual self-selections to ensure participants are registered in the appropriate segments, NERC staff is instituting a formal and more predictable process for the submission and review of the annual self-selections. The following is an overview of the process that will be used for the annual RBB self-selections:

- By July 1 of each calendar year, each RBB participant must submit an annual self-selection designating the RBB Segments for which the participant qualifies under the ROP. By May 1 of each calendar year, NERC staff will issue notifications to RBB participants reminding them of the annual self-selection process and providing them instructions for submitting the annual self-selections and any supporting evidence.
 - If the RBB participant’s annual self-selection does not modify the Segments from the prior self-selection, the participant need only submit a signed attestation that there have been no material changes from the previous self-selection that require a modification to the selected Segments.

- If there are changes to prior self-selection, the RBB participant must submit evidence demonstrating that it meets the criteria for any new Segment for which it self-selects.
- RBB participants that only qualify for a Segment by virtue of “providing products or services...to another entity eligible to join” that Segment, must provide in their annual self-selection evidence that the individual or entity has provided products or services “related to Bulk Power System reliability within the previous 12 months.
- If a participant fails to submit its annual self-selection by July 1, NERC may suspend the entity’s participation in any ballot pool until the annual self-selection is submitted.
- Following the submission of the self-selections, NERC staff will review the self-selections and notify an RBB participant if NERC does not approve any of the self-selected Segments. During the self-selection review cycle and at any other time during the year, NERC reserves the right to request additional information from an RBB Segment participant to verify continued qualification for its respective Segment.

NERC expects to initiate this process for calendar year 2016 and is developing an announcement to explain the process in greater detail.

Reliability Standards Quarterly Status Report

Action

Review

Background

Attached is the Reliability Standards Quarterly Status Report. Highlights include:

- **2016-2018 Reliability Standard Development Plan (RSDP) Progress**
 - Provides the status of progress made by NERC staff, the Project Management and Oversight Subcommittee of the Standards Committee, and standards drafting teams in standard development and project scheduling coordination anticipated in the 2016-2018 RSDP.
- **Standards Development Forecast**
 - Provides a forecast of the standards anticipated for completion and submission to the NERC Board of Trustees (Board) for adoption through November 2016.
- **Paragraph 81 and Independent Experts Review Panel Update**
 - Provides an update on the status of the Paragraph 81 and Independent Expert Review Panel's recommendations for standard requirement retirement and the total number of resolutions made to address these recommendations.
- **Regulatory Directives Update**
 - Provides a report on the progress made in addressing outstanding FERC directives and guidance.
- **Standards Committee (SC) Report**
 - SC overview of key activities and progress from the previous quarter, including the continued activity and progress of the SC subcommittees.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Item 5
Attachment 1
Standards Oversight and
Technology Committee Meeting
May 4, 2016

Reliability Standards

Standards Oversight and Technology
Committee Quarterly Report

May 4, 2016

RELIABILITY | ACCOUNTABILITY



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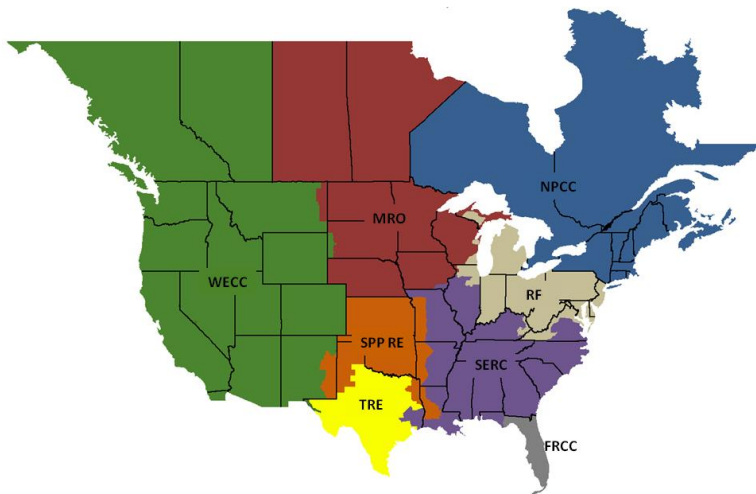
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Preface

The North American Electric Reliability Corporation (NERC) is a not-for-profit international regulatory authority whose mission is to ensure the reliability of the bulk power system (BPS) in North America. NERC develops and enforces Reliability Standards; annually assesses seasonal and long-term reliability; monitors the BPS through system awareness; and educates, trains, and certifies industry personnel. NERC’s area of responsibility spans the continental United States, Canada, and the northern portion of Baja California, Mexico. NERC is the electric reliability organization (ERO) for North America, subject to oversight by the Federal Energy Regulatory Commission (FERC) and governmental authorities in Canada. NERC’s jurisdiction includes users, owners, and operators of the BPS, which serves more than 334 million people.

The North American BPS is divided into the eight Regional Entity (RE) boundaries, as shown in the map and corresponding table below.



FRCC	Florida Reliability Coordinating Council
MRO	Midwest Reliability Organization
NPCC	Northeast Power Coordinating Council
RF	Reliability First
SERC	SERC Reliability Corporation
SPP-RE	Southwest Power Pool Regional Entity
TRE	Texas Reliability Entity
WECC	Western Electricity Coordinating Council

2016-2018 Reliability Standards Development Plan Progress

The [2016-2018 Reliability Standards Development Plan \(RSDP\)](#), developed by NERC staff in conjunction with members of the Standards Committee (SC), is a continuation of the approach set forth in prior RSDPs. It outlines a plan to complete the majority of the work necessary to bring the NERC Reliability Standards to “steady-state” by addressing FERC directives, Paragraph 81 (P81), and the Independent Experts Review Panel (IERP) recommendations for retirement and quality improvement, and considering other initiatives such as results-based standards. This RSDP was adopted by the NERC Board of Trustees (Board) at its November 2015 meeting and was filed with FERC on December 30, 2015.

NERC staff, the Project Management and Oversight Subcommittee of the SC, and standards development teams have worked closely to spread the project completion dates and presentations to the Board evenly throughout the year. As project timelines shift due to complexities or issues that need to achieve consensus, every effort is being made to pull some projects forward as others that need additional time are shifted further back in the year. Industry support in maintaining the target delivery dates is critical, and industry’s efforts to have open discussions to resolve issues is appreciated.

Standards Development Forecast (Continent-wide)

Board Forecast for Standard Projects in Active Development

May 2016

- Project 2010-14.2.2: Phase 2 – Balancing Authority Reliability-based Controls (BAL-004)
- Project 2009-02: Reliability Monitoring and Analysis Capabilities (IRO-018-1, TOP-010-1)
- Project 2010-05.3: Phase 3 of Protection Systems: Remedial Action Schemes (PRC-012, PRC-013, PRC-014, PRC-015, PRC-016)

August 2016

- Project 2007-06.2: Phase 2 of System Protection Coordination (PER-006-1; Retirement of PRC-001)
- Project 2015-07: Internal Communications Capabilities (COM-001)¹

November 2016

- Project 2015-08: Emergency Operations (EOP-005, EOP-006, EOP-008)

February 2017

- Project 2015-08: Emergency Operations (EOP-004)
- Project 2016-02: Modifications to CIP Standards (Revisions to Definition of “Low Impact External Routable Connectivity”)

Projects with Regulatory Deadlines

Table 1, below, lists the currently projects with regulatory deadlines.

Table 1: Projects with Regulatory Deadlines	
Project	Regulatory Deadline
Project 2016-02 Modifications to CIP Standards (Revisions to Definition of “Low Impact External Routable Connectivity”)	3/31/2017
Project 2016-01 Modifications to TOP and IRO Standards	7/27/2017

¹ See FERC Order No. 808 issued April 16, 2015

Paragraph 81 and Independent Experts Review Panel Update

Progress to Date

Table 2, below, provides a summary of the progress that has been made in addressing the P81 Phase 2 concerns and the IERP recommendations for retirement. A spreadsheet outlining the specific requirements that are the subject of the P81 revision or the IERP recommendations, the projects that addressed them, and the resolutions of those projects have been posted to the standards page on the [NERC website](#).

Background

On November 21, 2013, FERC issued Order No. 788 approving the retirement of the requirements proposed for retirement under Phase 1 of the P81 project. At the conclusion of Phase 1, 217 requirements remained for consideration in Phase 2 of the project. In addition, the IERP recommended a total of 257 requirements for retirement. Some requirements were included in both sets of recommendations, and eliminating these duplications resulted in a total of 281 requirements proposed for retirement. Of these, all except eight candidates have either been addressed or are in the process of being addressed in either a current project or five-year review.

Table 2: Progress Addressing P81 and IERP Recommendations for Retirement		
	Current Status	P81 and IERP Recommendations for Retirement
Total*		281
Addressed	238	
In current projects	35	
Not assigned	8	
*Unique requirements		

There are three possible ways in which the requirements proposed for retirement (above) may have been addressed: 1. The standard drafting teams may have retired the requirement in its entirety, 2. The requirement may have been modified, or 3. The requirement may have been retained in its entirety. The analysis is qualitative and was conducted with a conservative approach; thus a categorization of “modified” indicates that a portion, but not all, of the requirement, sub-requirement or part was retired. If any action in the original requirement was retained, the requirement received a categorization of “modified.” Table 3 provides a summary of the 238 requirements that have been addressed to date:

Table 3: Resolutions for P81 and IERP Recommendations for Retirement		
Resolution	Number	Percent
Retired ²	110	46%
Modified	103	43%
Retained	25	11%
Total	238	

²Twelve of these were retired in the P81 Phase 1, but were included on the list as they were recommended for retirement by the Independent Expert Review Panel.

Regulatory Directives Update

Directives Filed in 2016

The directives resolved by Reliability Standards that were filed with FERC in 2015 were:

- Q1
 - Project 2010-14: Balancing Authority Reliability-based Controls (5 directives)

Directives Issued in 2016

The directives related to Reliability Standards that were issued by FERC in 2016 were:

- Q1
 - Order No. 822 pertaining to CIP (4 directives)

Summary of Total Directives

As of March 31, 2016, there were 31 standards-related directives, including FERC guidances, to be resolved. Table 4 below illustrates the progress to address FERC directives issued prior to 2013, post-2012, and in total. It does not include non-standards related directives.

Table 4: Summary of Total Directives			
	Pre-2013 Directives*	Post 2012 Directives*	Total
Issued prior to year-end 2012	191		
Issued since year-end 2012		64	
Resolved as of December 31, 2015	176	48	
Remaining	15	16	31

*Does not include directives for other NERC departments

Trend in Number of Requirements

As the NERC Reliability Standards become steady-state, the total number of requirements subject to enforcement will reduce. To measure the accuracy of NERC's expectation, NERC staff used the *US Enforcement Status/Functional Applicability spreadsheet*³ to analyze the trend in the total number of Board-approved requirements at the end of each year since standards became enforceable in the United States in 2007.

The below chart (Chart 1: Trend for Number of Requirements) is based on each requirement's U.S. enforcement date in the *US Enforcement Status/Functional Applicability spreadsheet*. For comparison, this chart has been updated with information contained in the spreadsheet as of December 31, 2015. This chart updates the projection for 1. Pending continent-wide retirements and 2. The number of regional reliability standards. The variances within continent-wide standards were removed from the regional reliability standards line.

The line indicating the number of retirements using the November 2014 data shows a downward slope in 2014 - 2015. This downward trend was anticipated as pending projects were filed. The line indicating the number of requirements using the December 2015 data shows the downward trend in 2016 - 2018 to more accurately reflect

³Available from the Standards section of the NERC website: <http://www.nerc.com/pa/Stand/Pages/default.aspx>.

the anticipated enforcement dates. Table 5 below provides the list of projects pending regulatory approval. Overall, the total pending projects reflect a potential reduction of 101 requirements.

The chart below also includes the projected number of requirements at the end of each of the data lines. In November 2014, it was anticipated that the number of enforceable standards, once all projects were implemented, would be 422. At this time, the projection is 403 requirements.

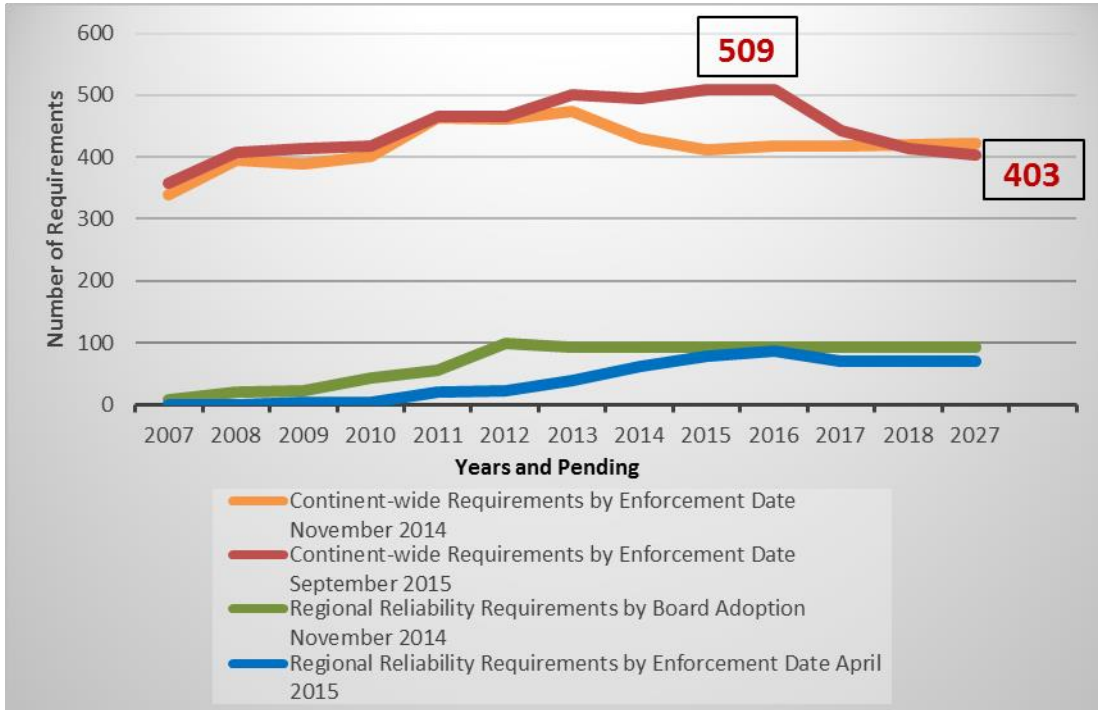


Chart 1: Trend for Number of Requirements

Table 5: Projection of Projects Pending Regulatory Approval

Project	Title	Board Adoption	Filing Date	Projected FERC Approval Year	Projected Enforcement Year	Net Requirements
2010-07.1	Vegetation Management	2/11/2016	3/14/2016	2016/2017	2017	0
2010-14.1	Phase 1 of Balancing Authority Reliability-based Controls: Reserves	11/05/2015	1/29/2016	2017	2017	-6
2012-05	ATC Revisions(MOD A)	2/6/2014	2/10/2014	2016	2017	-50
2013-03	Geomagnetic Disturbance Mitigation	12/17/2014	1/21/2015	2016	2017	+7

Standards Committee Report

Background

This report highlights some of the key activities of the Standards Committee (SC) during the first quarter of 2016.

Grading of Standards

The SC, at its March 9, 2016 meeting, endorsed the use of the grading tool used by the Independent Expert Review Panel as the metric to grade all NERC Reliability Standards, using a process that includes:

- The Enhanced Periodic Review Standing Team (EPRST),⁴ with the SC chair (or his/her delegate) facilitating the meetings,⁵ shall conduct an initial grading of all currently enforceable Reliability Standards that have been subject to enforcement in the United States for at least one year.⁶ The grading activity will occur during pre-scheduled meetings and calls that are open to stakeholders and posted on the NERC website.⁷
- After the EPRST has completed the initial grading of a Reliability Standard(s), it shall post the grading for stakeholder comment for no less than 10 business days. The EPRST shall consider input from stakeholders prior to finalizing the grading. The finalized grading shall be appended to the Reliability Standards Development Plan (RSDP),⁸ which is endorsed by the SC prior to the Plan being presented to the NERC Board of Trustees (Board).

Enhanced Periodic Review (EPR) drafting teams shall not perform other actions related to a Reliability Standard until the grading of the Reliability Standard is complete (other than preparatory and administrative activities, such as initial data gathering activities by NERC Staff, solicitation and appointment of an EPR drafting team by the SC, and orientation/organizational calls or meetings).⁹

- If any changes to the Reliability Standard are recommended as part of the EPR process, the EPRST shall re-grade the revised draft Reliability Standard using the same grading tool, including posting the re-grading results for no less than 10 business days for stakeholder comment and input prior to the EPRST finalizing the grading. The results of the re-graded Reliability Standard shall accompany the Reliability Standard when it is presented to the NERC Board for adoption.
- The following question shall be added to the Independent Expert grading tool as an additional quality question: “Is the Reliability Standard cost effective in achieving the reliability purpose or objective of the Reliability Standard and mitigating the risk to the BES?”

The SC leadership and NERC staff are working together to move forward with the grading, with the intention of finishing the grading for the 2016-eligible standards this summer.

⁴ The EPRST is comprised of the chairs or their delegate from the Standards Committee (SC), Operating Committee, Planning Committee and Critical Infrastructure Protection Committee, a representative from one of the Regions and a NERC Staff person(s) as required for supporting the activity of the team. CIPC will only be called on if CIP Standards are being graded.

⁵ The primary role of the SC Chair or the delegate is to facilitate the meetings and not to grade the Standards.

⁶ Meaning that the applicable entities must have been in compliance with the Standard for one year.

⁷ The 2016-2018 Reliability Standards Development Plan (RSDP) currently identifies those Standards that have been in effective for over one-year and would be eligible for grading this year. It is envisioned that this identification will be repeated each year in the RSDP.

⁸ Consistent with the SC's duties in general, the purpose of the review would not be to second guess or comment on the substance of the grading, but rather to endorse that the process stated herein to develop the grading was followed.

⁹ Many of the grading questions are part of the EPR template, and one of the purposes of grading is to assist the EPR Team (EPRST and SMEs from the drafting team) understand whether the Standard is in need of refinement.

Use of Section 11 for Compliance Guidance

The following is an excerpt from the Compliance Guidance Policy:

Section 11 of the Standard Processes Manual

The high-level processes proposed in this document were developed in the context of the Standard Processes Manual and do not overlap or supersede any of the processes therein, including the development of supporting documents under Section 11. Section 11 documents do not include or require the ERO Enterprise endorsement as described herein, and, therefore, do not carry the deference provided to Implementation Guidance. However, Section 11 remains a viable vehicle for posting supporting documents that do not require ERO endorsement for industry comment.

Under Section 11, the SC verifies that a supporting document was reviewed by stakeholders to verify the accuracy of the technical content, but it is not a technical committee. Therefore, the SC is not included on the pre-qualified list of organizations that may develop examples and submit them to the ERO Enterprise for endorsement. However, the team believes that Section 11, with slight modification to the language, could serve as a vetting vehicle for Implementation Guidance, in addition to the vetting vehicles described herein, prior to submittal to the ERO for endorsement. Thus, the team recommends that the SC consider whether to modify Section 11 and any associated procedures so it can serve as an additional vetting option for submitting Implementation Guidance, and report to the Board on the SC's decision no later than the May 2016 Board and MRC meetings.

At the time this update was prepared, the SC had on its April 20 agenda whether to modify Section 11 of the Standard Processes Manual and any associated procedures to serve as an additional vetting option for submitting Implementation Guidance. The team working on this item is recommending that the SC not revise Section 11 in this manner for several reasons, including: i.) there are already sufficient vehicles for stakeholders to seek Implementation Guidance; and ii.) the original purpose of Section 11 was designed for the posting of technical guidance, not a compliance guideline. The SC chair will inform the Board at the May meeting on the outcome of the SC's consideration of this item.