

Agenda

Regulatory Oversight Committee Meeting

January 10, 2025 | 11:00 a.m. – 12:00 p.m. Eastern

Virtual Meeting

Webinar Link: [Join Meeting](#)

Attendee Password: ROCBoardJan25ATT (76226274 from phones)

Audio Only: +1-415-655-0002 US | +1-416-915-8942 Canada | Access code: 2305 638 9089

Committee Members

Robin E. Manning, Chair

George S. Hawkins

Larry Irving

Susan Kelly

Kristine Schmidt

Kenneth W. DeFontes, Jr., *Ex officio*

Introduction and Chair's Remarks

[NERC Antitrust Compliance Guidelines](#)

Agenda Items

1. Recommended Standards Actions to Address FERC Directives Regarding EOP-012-2 – Extreme Cold Weather Preparedness and Operations* – Review and Recommend to Board of Trustees for Action
2. Closing Remarks and Adjournment

*Background materials included.

Recommended Standards Actions to Address FERC Directives Regarding EOP-012-2

Action

Review and recommend to the NERC Board of Trustees (Board) actions to ensure the timely development of revisions to Reliability Standard EOP-012-2 as directed by the Federal Energy Regulatory Commission (FERC) in its June 27, 2024 Order.¹

Background

From February 8 – 20, 2021, extreme cold weather and precipitation affected the south central United States. Large numbers of generating units experienced outages, derates, or failures to start, resulting in energy and transmission emergencies. During the February 2021 event, system conditions declined such that system operators ultimately ordered what became the largest controlled firm load shed event in U.S. history, and the third largest in quantity of outage megawatts (MW) of load after the August 2003 northeast blackout and the August 1996 west coast blackout. The economic and human impacts from the February 2021 event were immense.

Consistent with the Board's November 2021 resolution, NERC prioritized addressing the Reliability Standards related recommendations arising from the FERC, NERC, and Regional Entity staff joint report on the February 2021 event. From 2021 through early 2024, Project 2021-07 Extreme Cold Weather Preparedness and Operations developed Reliability Standards to address the report recommendations. Among these standards was a new Reliability Standard addressing generator cold weather preparedness, Reliability Standard EOP-012.

FERC approved the first version of the EOP-012 standard, Reliability Standard EOP-012-1, on February 16, 2023 (February 2023 Order).² In the February 2023 Order, FERC directed further changes to Reliability Standard EOP-012-1 and its associated implementation plan and directed that these changes be submitted within one year of the date of the order, or by February 16, 2024. In response to the February 2023 Order, NERC developed Reliability Standard EOP-012-2.

On June 27, 2024, FERC issued an order approving Reliability Standard EOP-012-2, but directed NERC to modify the standard, finding that further improvements were needed to address ambiguous language and address other reliability gaps/implementation issues in the standard. FERC stated, "[T]he five core directives to NERC in this order are not new issues, but rather targeted modifications necessary to fully address issues identified in the Commission's prior February 2023 Order."³ FERC directed NERC to develop further modifications and to file a revised standard by no later than March 27, 2025.

Over the course of 2024, the Project 2024-03 drafting team posted two versions of the draft EOP-012-3 standard and the associated implementation plan for comment and ballot under NERC's Standard Processes Manual. The Standards Committee has approved procedural waivers to

¹ *N. Am. Elec. Reliability Corp.*, 187 FERC ¶ 61,204 (2024) [hereinafter "June 2024 Order"].

² *N. Am. Elec. Reliability Corp.*, 182 ¶ 61,094 (2023) (approving Reliability Standards EOP-011-3 and EOP-012-1 and directing further revisions).

³ June 2024 Order at P 4.

shorten comment periods under Section 16.0 of the Standard Process Manual to meet the FERC deadline.

The first draft, posted from October 17, 2024 – November 5, 2024, failed to meet with ballot body approval (42.29% approval/90.98% quorum). On November 12, 2024, prior to the revising of the draft, the team convened an in-person technical conference in Austin, TX. The second draft, posted from December 3, 2024 – December 20, 2024, also failed to meet with ballot body approval (44.54% approval/88.93% quorum).

Summary

Following the failed ballot of the second draft of proposed Reliability Standard EOP-012-3, NERC Management have concluded that it is increasingly unlikely that NERC would be able to meet FERC's March 27, 2025, deadline for a revised EOP-012 standard addressing FERC's directives from the June 2024 Order through the usual stakeholder comment and ballot process.

In reaching this conclusion, NERC Management has considered the comments, which indicate both continued disagreement with how the drafting team is proposing to address the FERC directives as well as disagreement that the drafting team has not pursued additional changes outside the scope of addressing the FERC directives. While the draft EOP-012-3 standard has been posted for only two comment and ballot periods in this project, an additional ballot period is unlikely to aid meaningful consensus on these issues.

Section 321 of the NERC Rules of Procedure is a long-standing provision that provides special rules for developing Reliability Standards in cases such as these: where the ballot body has failed to approve a proposed Reliability Standard that contains a provision to adequately address a specific matter identified in a directive issued by an Applicable Governmental Authority such as FERC.

Pertinent FERC Directives

February 2023 Order: [Order Approving Extreme Cold Weather Reliability Standards EOP-011-3 and EOP-012-1 and Directing Modification of Reliability Standard EOP-012-1.](#)

June 2024 Order: [Order Approving Extreme Cold Weather Reliability Standard EOP-012-2 and Directing Modification](#)

Additional Information

Links to the EOP-012 project histories and files are included here for reference:

[\[Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination\]](#) – development of EOP-012-1, EOP-012-2

[\[Project 2024-03 Revisions to EOP-012-2\]](#) – development of draft EOP-012-3

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Cold Weather Directives Update

Soo Jin Kim, Vice President of Engineering, Standards and PRISM
Regulatory Oversight Committee Meeting
January 10, 2025

- FERC June 2024 Order
- Directives to Revise EOP-012-2
- Address five key issues
 - Clarify constraints
 - NERC approval of constraints
 - Clarify Corrective Action Plans (CAP)
 - NERC approval of CAP extensions
 - Shorten CAP time for specific instances



Initial Ballot

- Oct 17 – Nov 5
- **42.29%**

Technical Conference

- Nov 12

Additional Ballot

- Dec 3 – Dec 20
- **44.54%**

“60%” Path (ROP 321.2-321.4)

- Directed to Standards Committee and then NERC Staff
- Requires another technical conference
- Stakeholder ballot
- Allows standards adoption with 60% passing vote

“NOPR” Path (ROP 321.5)

- Similar to a notice and comment rulemaking proceeding
- Directed to Standards Committee and then NERC Staff

BOT Consider Rule 321

- Jan 10

January Standards Committee

- Jan 22

45-Day Posting Window

- Jan 29 – Mar 14

Special Board Call for Standards Adoption

- Mar 20

Filing Deadline

- Mar 27



Questions and Answers