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I. Key Highlights of the Compliance Filing

The RBR Initiative assures that the right entities are subject to the right set of Reliability Standards, using a consistent approach to registration and risk assessment. NERC's proposal to remove the LSE function from the NCR is consistent with this goal. Removal of LSEs from the NCR will have little to no impact on the reliability of the Bulk Electric System ("BES") for the following four reasons.

First, the activities performed by the LSE function are primarily commercial in nature.⁴ The LSE functional registration category encompasses organizations that secure energy and transmission service to serve the electrical demand and energy requirements of end-use customers. In the course of conducting this commercial activity, LSEs collect load information; however, they primarily verify or communicate information. To the extent that an organization registered as an LSE could directly affect reliability because it has the requisite ability, authority or assets to do so, such organization is also registered for other functions. This ensures continuity of NERC Reliability Standard compliance obligations.

Second, tasks currently assigned to the LSE function under NERC Reliability Standards would continue to be performed by other functions subject to currently applicable LSE Reliability Standard Requirements⁵ or by market participants (including LSEs) pursuant to existing tariffs, market rules, market protocols and other market agreements.⁶ There are currently 461

⁴ NERC notes that LSEs are similarly situated to Purchasing-Selling Entities ("PSEs") and Interchange Authorities ("IAs"). In the March 19 Order, the Commission agreed to remove these two functions from the NCR because PSEs are "primarily market-driven" and IAs perform "a commercial function, essentially quality control activity in verifying and communicating interchange schedules." March 19 Order at PP 25-26.

⁵ Most of the organizations currently registered as LSEs are also registered under these other functions.

⁶ NERC notes that the current version of the NERC Reliability Functional Model Technical Document -- Version 5 provides that the "LSE defined in the [NERC Functional] Model is not to be confused with or equated to the LSE as defined in any tariff or market rule." This language distinguishes LSE compliance obligations under NERC

organizations registered for the LSE function. Four hundred and nineteen (419) of the 461 LSE organizations would have deactivated LSE functions (“deactivated LSEs”), but would remain on the NCR for one or more functions⁷ that are also subject to NERC Reliability Standard Requirements currently applicable to the LSE function.⁸ With respect to the four LSE-Only Requirements, there is little to no risk to reliability from removal of the LSE function from the NCR. The tasks at issue for these LSE-Only Requirements are either no longer deemed necessary for reliability or performed by another function pursuant to other Reliability Standards Requirements or pursuant to non-Reliability Standard sources. Only 41 organizations would be deregistered (i.e., completely removed) from the NCR (“deregistered LSEs”) as a result of the proposed removal of LSEs from the NCR.⁹ As shown in **Appendix E**, the load information currently provided by these 41 LSE organizations potentially eligible for deregistration would continue to be provided in support of reliability, pursuant to tariffs, market rules, market protocols and other market agreements.

Third, the 41 potential deregistered LSEs represent a small percentage of load in their respective BA areas – ranging from 0.3% to 3.39%. Even in the Regional Entity footprint facing

Reliability Standards from LSE obligations under tariffs or market rules. Since NERC is proposing to remove LSEs from the NERC Compliance Registry, this distinction would no longer be necessary.

⁷ These other functions are DPs, Generator Owners (“GOs”), Generator Operators (“GOPs”), Transmission Owners (“TOs”), Transmission Operators (“TOPs”), Resource Planners (“RPs”), and/or BAs.

⁸ In the March 19 Order, the Commission was persuaded by NERC’s proposed removal of IAs because “all currently registered [IAs] are also registered as either a balancing authority or reliability coordinator, and will remain subject to the applicable Reliability Standards.” March 19 Order at P 26.

Only four Reliability Standards solely apply to the LSE function. One is proposed for retirement and the replacement Requirement does not apply to LSEs. One is being addressed by NAESB, which the Commission recognized is commercial in nature with minimal reliability implications. The remaining two are addressed by other means, as discussed below.

⁹ **Appendix A** of **EXHIBIT D** lists a total of 43 entities. The June 19, 2015 NCR includes two additional registered entities that either have since deregistered or which will deregister separate and apart from the implementation of the RBR rules and initiative.

the largest projected load growth (projected at 7%), the estimate of LSE entities that would be completely removed from the NCR account for approximately 193 MW (0.17%) of total load.

Fourth, NERC reviewed current and historical compliance monitoring and enforcement activities as to organizations registered for the LSE function. To date, no violations by an entity in its LSE function have caused or exacerbated system disturbances or events. These statistics are identified in the December 11 Petition.¹⁰ No significant violations involving the LSE function have occurred since the December 11 Petition.

In compliance with the March 19 Order, NERC addresses the following six items from the Commission relating to NERC's proposal:

- the increased threshold for registration of DPs to 75 MW results in 41 LSEs, an increase from 14 previously identified in the December 11 Petition, that could be deregistered;¹¹
- the peak load of LSE organizations that could be deregistered on an individual and BA basis is small;¹²
- obligations under NERC's Reliability Standards applicable to LSEs would be ensured by other functional categories;¹³
- obligations under alternative sources of authority applicable to LSEs would be ensured by deregistered LSEs or other market participants (see **Appendix E** for specific tariff provisions, agreements, market rules or other documents and the load information to which they relate);¹⁴
- DP-LSE organizations will have little to no effect on reliability due to load growth, as shown by the individual peak load as well as the individual BA area analysis;¹⁵ and

¹⁰ December 11 Petition at pgs. 32-34.

¹¹ *Id.* at PP 39-41.

¹² *Id.* at PP 39-41.

¹³ The Commission further directed NERC to ensure that NERC address any potential reliability gaps created by the proposed removal of the LSE functional registration category from future modified Reliability Standards. *See Id.* at PP 37, 40, 41, 43.

¹⁴ *See Id.* at P 41.

¹⁵ *Id.* at P 41.

- NERC has coordinated with NAESB to address the transition of commercial-related obligations necessitated by the proposed retirement of the LSE function.¹⁶

In addition, NERC has complied with the directives of the March 19 Order to:

- “modify [the NERC ROP]” to “include Reliability Standard PRC-005 (Transmission and Generation Protection System Maintenance and Testing) as applicable to underfrequency load shedding-only distribution providers [“UFLS-Only DPs”];”¹⁷ and,
- “modify. . .[the NERC ROP] . . . to state that “[t]he NERC-led review panel shall also include a review of individual and aggregate system-wide risks”¹⁸

Finally, NERC commits to “provide notice to the Commission when a [NERC-led] review panel decision is posted” so as to “provide the Commission with an opportunity for review where no appeal occurs.”¹⁹

II. Procedural History

On December 11, 2014, NERC submitted a petition for approval of proposed revisions to the NERC ROP that would implement NERC’s RBR Initiative. On March 19, 2015, FERC issued an order largely approving the RBR Initiative and denying, without prejudice, NERC’s proposed removal of the LSE functional registration category from the NCR.

On April 13, 2015, NERC posted the Commission-directed changes to the NERC ROP as well as NERC’s proposed removal of the LSE functional registration category from the NCR on the NERC website for a 45-day comment period.²⁰ On April 20, 2015, the Commission granted

¹⁶ *See Id.* at P 42.

¹⁷ *Id.* at P 2.

¹⁸ *Id.* at P 68.

¹⁹ *Id.* at P 69.

²⁰ Article XI, Section 2 of the NERC Bylaws require all Rules of Procedure amendments to be approved by the NERC Board of Trustees. All proposals for amendment shall be posted on NERC’s website and subject to public

NERC's requested extension of time to file the compliance filing. NERC received 10 sets of comments in response to the posting.²¹ NERC's consideration of the comments is included in **EXHIBIT C**. On June 22, 2015, the NERC Board of Trustees approved the proposed changes to the NERC ROP.

III. The Commission Should Approve Removal of the LSE Functional Registration Category

A. The Activities Performed by the LSE Function are Commercial in Nature.

The NERC glossary defines an LSE as an entity that “[s]ecures energy and transmission service (and related Interconnected Operations Services) to serve the electrical demand and energy requirements of its end-use customers.”²² As set forth in the December 11 Petition, this definition reflects the fact that LSEs are primarily involved with contracting rather than with physical operations of the BPS. Ownership of BES assets (or of any physical assets) is not a pre-condition for LSE registration. Owners and operators of BES Elements are registered under other functions. The LSE ensures an adequate power supply for its customers, including contracting for associated transmission service, to deliver that supply to a DP, who is responsible for the final delivery to its end use customers. The NERC Functional Model similarly provides that “[u]nlike the Distribution Provider, the Load-Serving Entity, does not have Bulk Electric System assets (“wires”) but does take title to energy.”²³ As a result, LSEs cannot take actions on the grid to impact reliability.

comment for a minimum of 45-days prior to Board of Trustees' action. All such changes shall be submitted to the Commission and shall not be effective in the United States until approved by the Commission.

²¹ <http://www.nerc.com/AboutNERC/Pages/Rules-of-Procedure.aspx>.

²² See Glossary of Terms Used in NERC Reliability Standards, available at: http://www.nerc.com/pa/Stand/Glossary%20of%20Terms/Glossary_of_Terms.pdf.

²³ See Reliability Functional Model Technical Document, version 5 (Functional Model) at page 26, available at: http://www.nerc.com/pa/Stand/Functional%20Model%20Archive%201/FM_Technical_Document_V5_2009Dec1.pdf.

Unlike Reliability Coordinators (“RC”) that serve as the highest authority on the grid and that issue Reliability Directives, the LSE only receives instructions and relays information to the Distribution Providers and Transmission Operators.²⁴ In addition, during an emergency operating condition, RCs can bypass LSEs and issue directives directly to a Distribution Provider or Transmission Operator.²⁵

B. Tasks Assigned to LSEs Would Continue to be Performed if LSEs are Removed from the NCR.

Out of the 72 NERC Reliability Standard Requirements that are assigned to LSEs, only 7 Requirements and sub-Requirements in 4 Reliability Standards solely apply to LSEs. Compliance obligations pursuant to the majority of NERC Reliability Standards applicable to LSEs would continue to be performed even after removal of the LSE function from the NCR. While deregistered LSEs would no longer be subject to compliance with Reliability Standards, the load information currently supplied by LSEs would continue pursuant to existing tariffs, market agreements, market protocols and market rules.

1. Obligations for LSE Requirements Applicable to Other Functions.

As shown in **Appendix C**, with very few exceptions,²⁶ LSE Requirements are applicable to one or more of the following seven functions: DPs, GOs, GOPs, TOs, TOPs, RPs, or BAs.²⁷ In

²⁴ *Id.* “The Load-Serving Entity **reports** its generation (affiliated and non-affiliated) arrangements to serve load to the Balancing Authority, which **forwards** this information to the Reliability Coordinator, for day-ahead analysis” and “The LSE **communicates** requests for voluntary curtailment to the appropriate end-use customer loads, thereby ensuring that these loads will in fact be curtailed.” (emphasis added).

²⁵ *Functional Model* at pg. 63 “Depending on the need to implement this type of curtailment, load is either curtailed automatically (such as in the case of underfrequency or undervoltage load shedding), or a curtailment directive is made by the Reliability Coordinator, Balancing Authority, or Transmission Operator directly to the Distribution Provider for physical implementation (except when this can be accomplished directly by the Transmission Operator).”

²⁶ The exceptions are BAL-005-0.2b, R1.3; EOP-002-3.1 R9-9.1; INT-011-1 R1; and MOD-004-1 R3 (3.1-3.2).

²⁷ This list includes Reliability Standards for which NERC proposes to remove LSEs as a responsible entity.

other words, even with removal of the LSE function, compliance obligations continue through other functions. Out of the 461 organizations registered as an LSE, 419 would be potentially eligible to be a deactivated as an LSE, but would remain registered on the NCR as follows:

- 382 DPs;²⁸
- 30 BAs, GOPs or TOPs; and
- 7 GOs, TOs or RPs.²⁹

In addition to the 419 organizations deactivated as an LSE, other organizations that are not LSEs, but that are registered for one of these seven functions are subject to Reliability Standard Requirements that currently apply to the LSE function.

2. Obligations for LSE-Only Requirements.

The following Requirements and sub-Requirements are solely applicable to LSEs:

- BAL-005-0.2b Requirement R1.3;³⁰
- MOD-004-1 Requirements R3, R3.1, R3.2;³¹
- INT-011-1, Requirement R1;³² and
- EOP-002-3.1, Requirement R9.³³

The removal of LSEs from the NCR will not create a reliability gap either because other functions continue to ensure that load information continues either through existing or revised Reliability

²⁸ Out of the 72 Reliability Standard Requirements applicable to the LSE function, 55 apply to DPs.

²⁹ The final (and 38th) potential organization not registered as a DP is in fact an LSE-only organization in the process of deregistration, because it does not meet any of the currently effective criteria for registration as an LSE.

³⁰ This is one sub-Requirement in the Reliability Standard.

³¹ Reliability Standard MOD-001-2 is pending Commission approval in Docket No. RM14-7-000 and proposes to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. Within MOD-001-2, the LSE is not listed in the applicability section.

³² This is the only Requirement solely applicable to the LSE function.

³³ EOP-002-3.1 was merged, along with EOP-001-2.1b and EOP-003-2 to create EOP-011-1. Proposed EOP-011 has removed the LSE function.

Standards pending at the Commission or because the Reliability Standard is no longer needed for reliability.

a. BAL-005-0.2b

NERC Reliability Standard BAL-005-0.2b, Requirement R1.3 can be retired through the NERC Reliability Standards Development Process (“RSDP”) for three reasons. First, other Reliability Standards hold the BA or the DP responsible for needed load information. The primary reliability purpose of BAL-005-0.2b is to account for all facilities and load electrically synchronized to the Interconnection within a metered boundary of a BA to balance resources and demand. BAL-005-0.2b, R1 already requires all load, generation and transmission operating within an Interconnection to be accounted for, and included, within the metered boundaries of a BA area. This requirement already holds the BA responsible for load information. Under BAL-001-1, the BA must account for load because it must maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time. Similarly, BAL-005-2b, R8 states that it is the obligation of the BA to ensure appropriate data acquisition for and calculation of ACE at least every six seconds. Second, NERC notes that NERC Rule of Procedure 501.1.4.4 provides that the registration process will ensure all loads and generators are under the control of a single BA. Third, DPs have assigned geographical areas in which load would reside and have metered boundaries that enable them to account for load. Given that most of the LSE organizations are also registered as DPs, there would be a minimal impact on reliability if BAL-005-0.2b Requirement R1.3 were retired.

b. MOD-004-1

The Transmission Service Provider (“TSP”) is the appropriate function to address the load information obligations currently assigned to LSEs in MOD-004-1. The role of LSEs pursuant to

MOD-004-1 (inclusive of Requirements R3, R3.1, R3.2) is no longer deemed necessary for reliability because the TSP is already assigned compliance obligations pursuant to MOD-001-2, which is pending before the Commission for approval.³⁴ The LSE is not an applicable entity in MOD-001-2. As a result, MOD-004-1 is already proposed for retirement. MOD-004-1 is one of two MOD Reliability Standards that provides for TSPs to calculate the amount of MW transfer capacity on a Flowgate that remains available for additional transmission service above-and-beyond existing uses of the transmission system. NERC maintains that there is a reliability benefit to understanding how TSPs make this calculation; however, there is no reliability benefit to prescribing the manner in which LSEs or RPs determine the inputs for this calculation. Since NERC has determined, as set out in the pending petition for approval of MOD-001-2, that the prescriptive tasks encompassed by MOD-004-1 (Requirements R3, R3.1, R3.2)³⁵ are not necessary for reliability, the removal of LSEs as applicable entities for this Reliability Standard would not create a reliability gap.

c. INT-011-1.1 and Coordination with NAESB

In the March 19 Order, FERC was “persuaded by NERC that [INT-011-1.1] is commercial in nature and has minimal reliability implications.”³⁶ The purpose of INT-011-1.1 is to ensure that transfers within a BA area using Point-to-Point Transmission Service are communicated and accounted for congestion management procedures. Each LSE that uses Point-to-Point

³⁴ *Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standard MOD-001-2 and Retirement of Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a and MOD-030-2* (Docket No. RM14-7-000) (filed Feb. 10, 2014).

³⁵ These prescriptive tasks involve load forecasting and specifically cover Loss of Load Expectation (LOLE), Loss of Load Probability (LOLP), Deterministic risk-analysis, and Reserve margin or resource adequacy requirement studies established by other entities, and identifying expected import path(s) or source region(s). In NERC’s petition proposing the retirement of MOD-004-1, NERC also notes the commercial nature of these tasks.

³⁶ March 19 Order at P 42.

Transmission Service for intra-BA area transfers must submit a Request for Interchange unless the information about intra-BA transfers is included in congestion management procedure(s) via an alternate method.

Following the issuance of the March 19 Order, NERC had extensive discussions with NAESB leadership on whether removal of any of the LSE Reliability Standards warranted development of a NAESB standard. NERC updated its LSE mapping excerpt from the RBR Petition to reflect recent filings and other activities and submitted it to the NAESB Wholesale Electric Quadrant (WEQ) Standards leadership for review. NAESB identified INT-011-1 as a candidate for a standard. Reliability Standard INT-011 ensures that LSEs with intra-BA agreements submit a Request for Interchange unless it is entered into a congestion management procedure. This Reliability Standard, among other things, targets older or grandfathered agreements, and none of the entities registered solely for the LSE function have any of these agreements. Further, the NAESB standard, Electronic Tagging Functional Specification, requires e-tag data be included for point-to-point transactions including grandfathered agreements.

The WEQ Executive Committee Chair and Vice Chair agreed to submit a request to NAESB to ensure that this commercially-related practice under INT-011-1 is considered for a business practice standard development project through the NAESB process. If NAESB pursues development of this standard, it will be subject to a vote at the regular WEQ Executive Committee in August 2015 and, if approved, filed with the Commission in the 3rd Quarter 2015.

*d. EOP-002-3.1*³⁷

Proposed Reliability Standards EOP-011-1 (Emergency Operations) and PRC-010-1 (Undervoltage Load Shedding)³⁸ consolidate, streamline and clarify the existing requirements of certain currently-effective Emergency Preparedness and Operations (EOP) and Protection and Control (PRC) Reliability Standards. Currently effective EOP-002-3.1 applies, inter alia, to LSEs. Proposed EOP-011-1, which would replace EOP-002-3.1, would apply to BAs, RCs and TOPs, but not LSEs. NERC maintains that it is appropriate to eliminate LSE role in this Reliability Standard, and more broadly from Reliability Standard load shedding obligations, because appropriate entities are already proposed to be assigned this role. Therefore, this poses little to no risk to reliability.

As noted in the supporting documents to the EOP-011-1 petition,³⁹ LSEs have no real-time reliability functionality with Energy Emergency Alerts issued pursuant to EOP-002-3.1. Requirement R9 of EOP-002-3.1 is in place to enable a TSP to change the priority of a service request. This previously involved the deficient LSE requesting its Reliability Coordinator to initiate an Energy Emergency Alert, to ensure the service would not be curtailed by using a Transmission Loading Relief. Under a NAESB standard (WEQ Etag Spec v1811 R3.6.1.3), this process and the technology have been modified and the TSP now has the ability to change the

³⁷ On June 18, 2015, the Commission issued a Notice on Proposed Rulemaking (“NOPR”) proposing to approve Reliability Standards EOP-011-1 (Emergency Operations) and PRC-010-1 (Undervoltage Load Shedding) which consolidate, streamline and clarify the existing requirements of certain currently effective Emergency Preparedness and Operations (EOP) and Protection and Control (PRC) Reliability Standards (Docket Nos. RM15-7-000, RM15-12-000, and RM15-13-000). That same day, the Commission also issued a NOPR proposing to approve revisions to the Transmission Operations (TOP) and Interconnection Reliability Operations and Coordination (IRO) Reliability Standards (Docket No. RM15-16-000). In these NOPRs, the Commission noted that its final ruling on those Reliability Standards will be guided by support regarding LSEs that is provided in this compliance filing.

³⁸ While PRC-010-1 is included in the EOP-011-1 NOPR, it is not the focus of the ensuing discussion.

³⁹ See *Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standard EOP-011-1-Emergency Operations* (Docket No. RM15-7-000) at Exhibit D, Mapping Document, at pg. 33 (filed Dec. 29, 2014); and *id.*, at Exhibit A, Application Guidelines, at pg. 16.

transmission priority itself. As a result, the proposed removal of the LSE from the NCR does not create a reliability gap.

NERC similarly proposes to update LSEs' real-time responsibilities in NERC Reliability Standard TOP-001-3. NERC Reliability Standard TOP-001-3 is designed to prevent instability, uncontrolled separation, or Cascading outages that adversely impact the reliability of the Interconnection by ensuring prompt action to prevent or mitigate such occurrences. For Requirements R3 through R6 in TOP-001-3, the Commission states that the issuance and compliance of operating instructions under proposed Reliability Standard TOP-001-3 is not limited to the real-time operations time horizon, but includes same-day operations. Furthermore, the Commission stated that if a TOP or BA issues an operating instruction to an LSE such as to carry out interruptible load curtailments, it is not clear what entity would respond to this operating instruction if the LSE is removed from proposed TOP-001-3, Requirements R3 through R6. NERC maintains that load shedding is limited to real-time operations. The Commission-approved Glossary definition of "operating instruction," which becomes effective July 1, 2016, is "[a] command by operating personnel responsible for the Real-time operation of the interconnected [BES] to change or preserve the state, status, output, or input of an Element of the [BES] or Facility of the [BES] System."⁴⁰ LSE-only organizations cannot take any action to actually change or preserve the state, status, output or input of such facilities.⁴¹ The Reliability Functional Model Technical Document similarly states that non-voluntary load shedding is usually implemented in real-time to address imminent reliability concerns. While the LSEs reach out to end-use customers

⁴⁰ *Final Rule Regarding Communications Reliability Standards*, Order No. 808, 151 FERC ¶ 61,039 (2015).

⁴¹ *See Supplemental Information to Petition of the North American Electric Reliability Corporation for Approval of Proposed Transmission Operations and Interconnection Reliability Operations and Coordination Reliability Standards* (Docket No. RM15-16-000) (filed May 12, 2015).

and demand / request that they make their load available for curtailment during real-time load shedding, it is the DP that is tasked with either following Operating Instructions of the BA or TOP or informing its BA or TOP of its inability to do so. Similarly, the Reliability Functional Model Technical Document states that the LSE could be bypassed in the decision-making and communication of load shedding.

3. LSE Obligations for the 41 LSEs Potentially Eligible for Deregistration Continue under Tariffs, Market Agreements, Market Rules and Market Protocols.

As shown in **Appendix A**, taking into account the LSE-only organizations and application of the increased MW criterion for registration of DPs,⁴² a total of 41 LSE organizations are potentially eligible for deregistration. These 41 LSE organizations are currently registered as follows: 9 LSE-only organizations, 4 LSE-PSEs, and 28 LSE-DPs. The Commission requests specific information about the alternative sources of authority available to obtain load information in support of reliability currently provided by these 41 deregistered entities.

NERC notes that these LSE Requirements generally cover two categories of information: (1) ahead-of-time tasks and (2) real-time tasks. Ahead-of-time tasks include submission of load profiles and forecasts to BAs, RPs and TPs, arranging for transmission service from TSPs, and submitting request for interchange-to-interchange coordinators. Real-time tasks involve receiving requests for voluntary load curtailment and communicating such requests to end-use customers as directed by a BA or a DP.⁴³

⁴² The DP entities included in the 41 deregistration count do not qualify for registration under any other DP registration criteria.

⁴³ The Commission-approved Glossary definition of “operating instruction,” which becomes effective July 1, 2016, is “A command by operating personnel responsible for the Real-time operation of the interconnected [BES] to change or preserve the state, status, output, or input of an Element of the [BES] or Facility of the [BES] System.” See Order No. 808 at P 2.

In this section, NERC highlights tariffs and market protocols for independent system operators and regional transmission organizations where the majority of the 41 LSE organizations potentially eligible for deregistration are located. These tariffs and protocols ensure that LSEs' or the ahead-of-time and real-time tasks continue; however, in **Appendix E**, NERC provides a complete overview of the alternative sources that cover all 41 LSE organizations potentially eligible for deregistration.

a. Electric Reliability Council of Texas, Inc.

Nearly half of the 41 LSEs potentially eligible for deregistration are located in the Electric Reliability Council of Texas, Inc. ("ERCOT") BA and RC. With respect to ahead-of-time tasks, ERCOT protocols detailed in **Appendix E** call for the development of demand forecasts and load profile development by ERCOT, partly based on load data research conducted by transmission service providers and distribution service providers. With respect to real-time tasks, ERCOT protocols require load resources to be registered enabling them to participate in voluntary load response in real-time. Otherwise, load shed and interruptible load responsibilities under the ERCOT protocols do not contemplate a role for LSEs to actually shed load. In fact, under the ERCOT protocols, each LSE applicant within the ERCOT Region shall designate the Qualified Scheduling Entity ("QSE") that will perform QSE functions per these Protocols on behalf of the LSE. These functions include load shed and interruptible load responsibilities.

Under the ERCOT market structure, market participants failing to comply with such procedures and protocols can face a fine up to \$25,000 per violation of these procedures and protocols.

b. California Independent System Operator, Inc.

Five of the 41 LSEs potentially eligible for deregistration are located in the California Independent System Operator (“CAISO”) BA and Peak Reliability is the RC for these entities. Four of the five are LSE-DPs and one is an LSE-PSE. The CAISO market structure is such that ahead-of-time and real-time data will continue to be provided to CAISO even if the LSE function is removed from the NCR. Under the CAISO tariff, the LSE is a metered subsystem (MSS) which is responsible for balancing its own load and resources within its territory. Each MSS has a Metered Subsystem Agreement with an MSS aggregator and CAISO. These agreements detail the metering and load obligations of its signatories, and obligate the parties to comply with the CAISO tariff or otherwise be subject to monetary sanctions. With respect to ahead-of-time tasks, section 4.9.10 of the CAISO tariff provides that MSSs, CAISO, and participating TOs shall coordinate to share projected load growth for planning purposes. With respect to real-time tasks, Sections 4.2 and 4.9 address MSS load shedding and specify that CAISO communicate with the MSS Operator, which owns the MSS. The MSS Operator in turn is responsible for notifying its customers and generators connected to its system of curtailments and service interruptions. Furthermore, these provisions specify that the MSS Operators and System Resources shall comply fully and promptly with dispatch instructions and operating orders.

c. Midcontinent Independent System Operator, Inc.

Five of the 41 LSEs potentially eligible for deregistration are located in the Midcontinent Independent System Operator (“MISO”) BA and MISO also serves as the RC for these entities. The MISO market structure is such that ahead-of-time and real-time data will continue to be provided to MISO even if the LSE function is removed from the NCR. With respect to ahead-of-time tasks, Section 38.9 provides that the local BA shall receive data specified in its BA

Agreement. For example, this BA Agreement provides that each BA shall continue to be responsible for the coordination of controllable loads with LSEs within its BA area. Each BA shall also provide an hourly seven-day look-ahead forecast for its BA area to the MISO by the close of the day-ahead market. To the extent that the BA is submitting a load forecast for an independent third party, it only will be required to submit a good faith estimate based upon the information it has available. The MISO tariff also mandates that TOPs receive ahead-of-time information, including MISO BA load forecast, day-ahead schedules for all resources, and forecast commitment status, so that the TOP can perform local reliability analysis. With respect to real-time data, Sections 38.2 and 40.2 of the MISO tariff provides that a Market Participant that is an LSE or is purchasing on behalf of an LSE shall respond to Transmission Provider directives to curtail appropriate amounts of Load Modifying Resources.

C. The 41 Organizations Potentially Eligible for Deregistration Represent a Small Percentage of Load.

As shown in **Appendix A**, as a result of surveys, studies and respective analysis thereof, the 41 organizations potentially eligible for deregistration represent a small percentage of load. RCs and BAs responded that the amount of load in the affected region would not pose any reliability risk if the 41 entities were removed from the NCR as an LSE. Specifically, the affected load of the 41 organizations ranges from 0.3% to 3.39% in their respective BA areas. Even in the Regional Entity footprint facing the largest load growth (projected at 7%), the estimate of LSE-only organizations that would be completely removed from the NCR account for approximately 193 MW (0.17%) of total load. The RCs and BAs did not identify any concerns with respect to load or forecast changes, mitigation of contingencies or changes in reserve margins. Accordingly, because the 41 entities represent a small percentage of load, there is little to no risk to reliability by their removal as an LSE from the NCR.

D. Violation History Supports the Removal of the LSEs from the NCR.

No significant violations involving the LSE function have occurred since the December 11 Petition. NERC provides, for ease of reference, language below from its December 11 Petition at pgs. 32-34 on violation history.

NERC has reviewed the compliance history and the nature of instances of noncompliance relating to LSEs and determined that the removal of this function from the NCR poses an insignificant risk to the reliability of the BPS. Of the approximately 8,000 unique confirmed violations or posted issues, there have been 397 (4.96%) violations applied solely to the LSE function, and another two (included above as well in the PSE count) that were for LSE and PSE combined. Of these 397 violations, 370 (93.7%) were of Standards that are or would no longer be applicable to the LSE function after the removal of LSEs from the applicability section in CIP Version 5, Project 2008-02, Project 2009-03, and Project 2014-03. As discussed above, the only Reliability Standards that would remain applicable to LSEs are BAL-005-0.2b, FAC-002-1, INT-011-1, MOD-004-1, MOD-020-0, MOD-031-1, MOD-032-1, NUC-001-2.1, and TOP-002-2.1b).

The remaining 27 instances of noncompliance with these Reliability Standards represent only approximately a third of a percent of all unique confirmed violations or posted issues. Of these 27 remaining instances of noncompliance of the nine Reliability Standards that would remain applicable to LSEs, nine instances of noncompliance were for entities that are no longer on the NCR—all of the 27 instances posed only a minimal risk to the BPS. These instances of noncompliance were of IRO-005-1 (1 instance), MOD-019 (1 instance), MOD-020 (1 instance), and MOD-021 (1 instance), and TOP-002 (23 instances, 9 of which were for entities no longer on the NCR).

The single IRO-005 violation was of Requirement 13 and was filed in the Omnibus filing NP10-2-000. The three MOD violations were all self-reported by the same Registered Entity and were filed as FFTs in 2012. These instances were caused by an internal communication and administrative oversight that led to the entity not responding to the RE. The LSE at issue did not have any interruptible demands or Demand-Side Management programs, and any response to the request would have been null.

The TOP-002 instances of noncompliance included eight violations of TOP-002 R3 and 15 of R18. Of the remaining noncompliance with R3, one was caused by an email error where the entity had transmitted the information but the transmittal failed, in the second, the required data reporting was actually being performed by other entities on behalf of the LSE. The two remaining R18 violations were caused by insufficient documentation that neighboring entities used uniform line identifiers where the REs found that the LSE at issue did in fact use uniform line identifiers; they just did not have adequate documentation of that fact. Based upon this compliance history and the nature of the issues, potential noncompliance by LSEs pose little risk to the reliability of the BPS.

No significant violations that have caused or exacerbated system events or disturbances have occurred since the December 11 Petition.

IV. Changes to the NERC Rules of Procedure

The Commission directed the following two modifications to language in the NERC ROP:

- (1) include Reliability Standard PRC-005 as applicable to UFLS-Only DPs in Section III.B of Appendix 5B;⁴⁴ and
- (2) modify proposed Section III.D.9 of Appendix 5A of the NERC ROP to substitute “shall” for “may,” to state that “[t]he NERC-led

⁴⁴ March 19 Order at PP 18, 55.

review panel shall also include a review of individual and aggregate system-wide risks.”⁴⁵

NERC included PRC-005 as a Reliability Standard applicable to UFLS-Only DPs; however, NERC is not including a version reference for this Reliability Standard because there are four versions of PRC-005 in various stages of development and Commission approval.⁴⁶ Instead, NERC is proposing a footnote in the NERC ROP to explain that for the period of time that each version of PRC-005 is in effect, that version applies to any UFLS-Only DP on the NCR.

The Commission also directed NERC to provide the Commission with an opportunity to review decisions by the NERC-led review panel⁴⁷ in cases where no appeal occurs⁴⁸ by notifying the Commission when it posts a NERC-led review panel decision. The Commission noted that similar to the process for review of “find, fix and track” postings, as well as “compliance exception” postings, the Commission will review such matters and determine within 60 days of receiving notice from NERC whether any formal Commission review is warranted. If the Commission takes no action within 60 days, the Commission will consider the matter closed. NERC will notify the Commission of such decisions as directed by the March 19 Order and will implement this aspect of the March 19 Order pursuant to internal registration program policies and procedures.

⁴⁵ *Id.* at P 68.

⁴⁶ See **EXHIBIT C** for a discussion of the above-mentioned versions of PRC-005.

⁴⁷ The NERC-led review panel makes registration decisions involving: (A) the materiality test set forth in the notes in Appendix 5B, Statement of Compliance Registry Criteria; (B) a sub-set list of Reliability Standards (which specifies Requirements and may specify sub-Requirements); or (C) a dispute by an entity whose registration status is at issue regarding the Regional Entity’s application of Appendix 5B, Statement of Compliance Registry Criteria.

⁴⁸ Under Section III.B.13 of Appendix 5A, registered entities that do not agree with a determination of the NERC-led review panel may appeal that decision to the Board of Trustees Compliance Committee.

In addition, to ensure a complete set of proposed revisions to the NERC ROP regarding the March 19 Order, NERC is including, in the instant compliance filing, the previously-filed NERC ROP amendments that remove references to “Load-Serving Entities” from the list of functional registration categories to which Reliability Standards may apply under the NCR. As set forth in NERC’s original December 11 Petition and the instant filing, the Commission should remove references to “Load-Serving Entities” from Section 302.1 (“Essential Attributes for Technically Excellent Reliability Standards”), Appendix 5A (“Organization Registration and Certification Manual”), and Appendix 5B (“Statement of Compliance Registry Criteria”).⁴⁹

V. Conclusion

NERC respectfully requests that the Commission accept this compliance filing, and submits that for the reasons stated above, the Commission should accept NERC’s proposal to remove LSEs from the NCR because this function poses little to no risk to reliability and should accept the changes to the NERC ROP.

Respectfully submitted,

/s/ Nina H. Jenkins-Johnston

⁴⁹ See **EXHIBIT B** showing proposed redline changes to the NERC ROP as well as **EXHIBIT C** Consideration of Comments.

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Date: July 17, 2015

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding. Dated at Washington, D.C. this 17th day of July 2015.

/s/ Leigh Anne Faugust
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EXHIBIT A

Proposed NERC Rules of Procedure – Clean Version

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Rules of Procedure

Effective: DATE

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SECTION 100 — APPLICABILITY OF RULES OF PROCEDURE

NERC and NERC Members shall comply with these Rules of Procedure. Each Regional Entity shall comply with these Rules of Procedure as applicable to functions delegated to the Regional Entity by NERC or as required by an Applicable Governmental Authority or as otherwise provided.

Each Bulk Power System owner, operator, and user shall comply with all Rules of Procedure of NERC that are made applicable to such entities by approval pursuant to applicable legislation or regulation, or pursuant to agreement.

Any entity that is unable to comply or that is not in compliance with a NERC Rule of Procedure shall immediately notify NERC in writing, stating the Rule of Procedure of concern and the reason for not being able to comply with the Rule of Procedure.

NERC shall evaluate each case and inform the entity of the results of the evaluation. If NERC determines that a Rule of Procedure has been violated, or cannot practically be complied with, NERC shall notify the Applicable Governmental Authorities and take such other actions as NERC deems appropriate to address the situation.

NERC shall comply with each approved Reliability Standard that identifies NERC or the Electric Reliability Organization as a responsible entity. Regional Entities shall comply with each approved Reliability Standard that identifies Regional Entities as responsible entities. A violation by NERC or a Regional Entity of such a Reliability Standard shall constitute a violation of these Rules of Procedure.

SECTION 200 — DEFINITIONS OF TERMS

Definitions of terms used in the NERC Rules of Procedure are set forth in **Appendix 2, *Definitions Used in the Rules of Procedure.***

SECTION 300 — RELIABILITY STANDARDS DEVELOPMENT

301. General

NERC shall develop and maintain Reliability Standards that apply to Bulk Power System owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of Bulk Power System owners, operators, and users; and to hold them accountable for Reliable Operation of the Bulk Power Systems. The Reliability Standards shall be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable standards of governmental authorities.

302. Essential Attributes for Technically Excellent Reliability Standards

1. **Applicability** — Each Reliability Standard shall clearly identify the functional classes of entities responsible for complying with the Reliability Standard, with any specific additions or exceptions noted. Such functional classes¹ include: Reliability Coordinators, Balancing Authorities, Transmission Operators, Transmission Owners, Generator Operators, Generator Owners, Transmission Service Providers, market operators, Planning Authorities, Transmission Planners, Resource Planners, and Distribution Providers. Each Reliability Standard shall also identify the geographic applicability of the Reliability Standard, such as the entire North American Bulk Power System, an Interconnection, or within a Region. A Reliability Standard may also identify any limitations on the applicability of the Reliability Standard based on electric Facility characteristics.

2. **Reliability Objectives** — Each Reliability Standard shall have a clear statement of purpose that shall describe how the Reliability Standard contributes to the reliability of the Bulk Power System. The following general objectives for the Bulk Power System provide a foundation for determining the specific objective(s) of each Reliability Standard:
 - 2.1 **Reliability Planning and Operating Performance**— Bulk Power Systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.

 - 2.2 **Frequency and Voltage Performance**— The frequency and voltage of Bulk Power Systems shall be controlled within defined limits through the balancing of Real and Reactive Power supply and demand.

¹ These functional classes of entities are derived from NERC's Reliability Functional Model. When a Reliability Standard identifies a class of entities to which it applies, that class must be defined in the Glossary of Terms Used in NERC Reliability Standards.

- 2.3 **Reliability Information** — Information necessary for the planning and operation of reliable Bulk Power Systems shall be made available to those entities responsible for planning and operating Bulk Power Systems.
 - 2.4 **Emergency Preparation** — Plans for emergency operation and system restoration of Bulk Power Systems shall be developed, coordinated, maintained, and implemented.
 - 2.5 **Communications and Control** — Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of Bulk Power Systems.
 - 2.6 **Personnel** — Personnel responsible for planning and operating Bulk Power Systems shall be trained and qualified, and shall have the responsibility and authority to implement actions.
 - 2.7 **Wide-Area View** — The reliability of the Bulk Power Systems shall be assessed, monitored, and maintained on a Wide-Area basis.
 - 2.8 **Security** — Bulk Power Systems shall be protected from malicious physical or cyber attacks.
3. **Performance Requirement or Outcome**— Each Reliability Standard shall state one or more performance Requirements, which if achieved by the applicable entities, will provide for a reliable Bulk Power System, consistent with good utility practices and the public interest. Each Requirement is not a “lowest common denominator” compromise, but instead achieves an objective that is the best approach for Bulk Power System reliability, taking account of the costs and benefits of implementing the proposal.
 4. **Measurability** — Each performance Requirement shall be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that Requirement. Each performance Requirement shall have one or more associated measures used to objectively evaluate compliance with the Requirement. If performance can be practically measured quantitatively, metrics shall be provided to determine satisfactory performance.
 5. **Technical Basis in Engineering and Operations**— Each Reliability Standard shall be based upon sound engineering and operating judgment, analysis, or experience, as determined by expert practitioners in that particular field.
 6. **Completeness** — Reliability Standards shall be complete and self-contained. The Reliability Standards shall not depend on external information to determine the required level of performance.

7. **Consequences for Noncompliance** — In combination with guidelines for Penalties and sanctions, as well as other ERO and Regional Entity compliance documents, the consequences of violating a Reliability Standard are clearly presented to the entities responsible for complying with the Reliability Standards.
8. **Clear Language** — Each Reliability Standard shall be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, are able to arrive at a consistent interpretation of the required performance.
9. **Practicality** — Each Reliability Standard shall establish Requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.
10. **Consistent Terminology** — To the extent possible, Reliability Standards shall use a set of standard terms and definitions that are approved through the NERC Reliability Standards development process.

303. Relationship between Reliability Standards and Competition

To ensure Reliability Standards are developed with due consideration of impacts on competition, to ensure Reliability Standards are not unduly discriminatory or preferential, and recognizing that reliability is an essential requirement of a robust North American economy, each Reliability Standard shall meet all of these market-related objectives:

1. **Competition** — A Reliability Standard shall not give any market participant an unfair competitive advantage.
2. **Market Structures** — A Reliability Standard shall neither mandate nor prohibit any specific market structure.
3. **Market Solutions** — A Reliability Standard shall not preclude market solutions to achieving compliance with that Reliability Standard.
4. **Commercially Sensitive Information** — A Reliability Standard shall not require the public disclosure of commercially sensitive information or other Confidential Information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with Reliability Standards.
5. **Adequacy** — NERC shall not set Reliability Standards defining an adequate amount of, or requiring expansion of, Bulk Power System resources or delivery capability.

304. Essential Principles for the Development of Reliability Standards

NERC shall develop Reliability Standards in accordance with the NERC *Standard Processes Manual*, which is incorporated into these Rules of Procedure as **Appendix 3A**. Appeals in connection with the development of a Reliability Standard shall also be conducted in accordance with the NERC *Standard Processes Manual*. Any amendments or revisions to the *Standard Processes Manual* shall be consistent with the following essential principles:

1. **Openness** — Participation shall be open to all Persons and who are directly and materially affected by the reliability of the North American Bulk Power System. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in NERC or any other organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
2. **Transparency** — The process shall be transparent to the public.
3. **Consensus-building** —The process shall build and document consensus for each Reliability Standard, both with regard to the need and justification for the Reliability Standard and the content of the Reliability Standard.
4. **Fair Balance of Interests** — The process shall fairly balance interests of all stakeholders and shall not be dominated by any two Segments as defined in **Appendix 3D**, *Development of the Registered Ballot Body*, of these Rules of Procedure, and no single Segment, individual or organization shall be able to defeat a matter.
5. **Due Process** — Development of Reliability Standards shall provide reasonable notice and opportunity for any Person with a direct and material interest to express views on a proposed Reliability Standard and the basis for those views, and to have that position considered in the development of the Reliability Standards.
6. **Timeliness** — Development of Reliability Standards shall be timely and responsive to new and changing priorities for reliability of the Bulk Power System.

305. Registered Ballot Body

NERC Reliability Standards shall be approved by a Registered Ballot Body prior to submittal to the Board and then to Applicable Governmental Authorities for their approval, where authorized by applicable legislation or agreement. This Section 305 sets forth the rules pertaining to the composition of, and eligibility to participate in, the Registered Ballot Body.

1. **Eligibility to Vote on Reliability Standards** — Any person or entity may join the Registered Ballot Body to vote on Reliability Standards, whether or not such person or entity is a Member of NERC.
2. **Inclusive Participation** — The Segment qualification guidelines are inclusive; i.e., any entity with a legitimate interest in the reliability of the Bulk Power System that can meet any one of the eligibility criteria for a Segment is entitled to belong to and vote in each Segment for which it qualifies, subject to limitations defined in Sections 305.3 and 305.5.
3. **General Criteria for Registered Ballot Body Membership** — The general criteria for membership in the Segments are:
 - 3.1 **Multiple Segments** — A corporation or other organization with integrated operations or with affiliates that qualifies to belong to more than one Segment (e.g., Transmission Owners and Load-Serving Entities) may join once in each Segment for which it qualifies, provided that each Segment constitutes a separate membership and the organization is represented in each Segment by a different representative. Affiliated entities are collectively limited to one membership in each Segment for which they are qualified.
 - 3.2 **Withdrawing from a Segment or Changing Segments** — After its initial registration in a Segment, each registered participant may elect to withdraw from a Segment or apply to change Segments at any time.
 - 3.3 **Review of Segment Criteria** — The Board shall review the qualification guidelines and rules for joining Segments at least every three years to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
4. **Proxies for Voting on Reliability Standards** — Any registered participant may designate an agent or proxy to vote on its behalf. There are no limits on how many proxies an agent may hold. However, for the proxy to be valid, NERC must have in its possession written documentation signed by the representative of the registered participant that the voting right by proxy has been transferred from the registered participant to the agent.
5. **Segments** — The specific criteria for membership in each Registered Ballot Body Segment are defined in the *Development of the Registered Ballot Body* in **Appendix 3D**.
6. **Review of Segment Entries** — 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. The entity shall then become eligible to participate as a voting member of that Segment. The Standards Committee shall resolve disputes regarding eligibility for membership in a Segment, with the applicant having the right of appeal to the Board.

306. Standards Committee

The Standards Committee shall provide oversight of the Reliability Standards development process to ensure stakeholder interests are fairly represented. The Standards Committee shall not under any circumstance change the substance of a draft or approved Reliability Standard.

1. **Membership** — The Standards Committee is a representative committee comprising representatives of two members of each of the Segments in the Registered Ballot Body and two officers elected to represent the interests of the industry as a whole.
2. **Elections** — Standards Committee members are elected for staggered (one per Segment per year) two-year terms by the respective Segments in accordance with the *Procedure for the Election of Members of the NERC Standards Committee*, which is incorporated into these Rules of Procedure as **Appendix 3B**. Segments may use their own election procedure if such a procedure is ratified by two-thirds of the members of a Segment and approved by the Board.
3. **Canadian Representation**

The Standards Committee will include Canadian representation as provided in **Appendix 3B**, *Procedure for the Election of Members of the NERC Standards Committee*.
4. **Open Meetings** — All meetings of the Standards Committee shall be open and publicly noticed on the NERC website.

307. Standards Process Management

NERC shall assign a standards process manager to administer the development of continent-wide Reliability Standards and a regional standards manager to administer the development of Regional Reliability Standards. The standards process manager shall be responsible for ensuring that the development and revision of Reliability Standards are in accordance with the *NERC Standard Processes Manual*. The standards process manager and the regional standards manager shall work to achieve the highest degree of integrity and consistency of quality and completeness of the Reliability Standards. The regional standards manager shall coordinate with any Regional Entities that develop Regional Reliability Standards to ensure those Regional Reliability Standards are effectively integrated with the NERC Reliability Standards.

308. Steps in the Development of Reliability Standards

1. **Procedure** — NERC shall develop Reliability Standards through the process set forth in the *NERC Standard Processes Manual (Appendix 3A)*. The *Standard Processes Manual* includes provisions for developing Reliability Standards that can be completed using expedited processes, including a process to develop Reliability Standards to address national security situations that involve confidential issues.
2. **Board Adoption** — Reliability Standards or revisions to Reliability Standards approved by the ballot pool in accordance with the *Standard Processes Manual* shall be submitted for adoption by the Board. No Reliability Standard or revision to a Reliability Standard shall be effective unless adopted by the Board.
3. **Governmental Approval** — After Board adoption, a Reliability Standard or revision to a Reliability Standard shall be submitted to all Applicable Governmental Authorities in accordance with Section 309. No Reliability Standard or revision to a Reliability Standard shall be effective within a geographic area over which an Applicable Governmental Authority has jurisdiction unless it is approved by such Applicable Governmental Authority or is otherwise made effective pursuant to the laws applicable to such Applicable Governmental Authority.

309. Filing of Reliability Standards for Approval by Applicable Governmental Authorities

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the Applicable Governmental Authorities each Reliability Standard, modification to a Reliability Standard, or withdrawal of a Reliability Standard that is adopted by the Board. Each filing shall be in the format required by the Applicable Governmental Authority and shall include: a concise statement of the basis and purpose of the Reliability Standard; the text of the Reliability Standard; the implementation plan for the Reliability Standard; a demonstration that the Reliability Standard meets the essential attributes of Reliability Standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the Reliability Standard and the consideration of those comments.
2. **Remanded Reliability Standards and Directives to Develop Standards** — If an Applicable Governmental Authority remands a Reliability Standard to NERC or directs NERC to develop a Reliability Standard, NERC shall within five (5) business days notify all other Applicable Governmental Authorities, and shall within thirty (30) calendar days report to all Applicable Governmental Authorities

a plan and timetable for modification or development of the Reliability Standard. Reliability Standards that are remanded or directed by an Applicable Governmental Authority shall be modified or developed using the *Standard Processes Manual*. NERC shall, during the development of a modification for the remanded Reliability Standard or directed Reliability Standard, consult with other Applicable Governmental Authorities to coordinate any impacts of the proposed Reliability Standards in those other jurisdictions. The expedited standards development process may be applied if necessary to meet a timetable for action required by the Applicable Governmental Authorities, respecting to the extent possible the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply.

3. **Directives to Develop Reliability Standards under Extraordinary Circumstances** — An Applicable Governmental Authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a Reliability Standard. In such a case, the Applicable Governmental Authority may direct the development of a Reliability Standard within a certain deadline. NERC staff shall prepare the Standards Authorization Request. The proposed Reliability Standard will then proceed through the Reliability Standards development process, using the expedited action process described in the *Standard Processes Manual* as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

310. Annual Reliability Standards Development Plan

NERC shall develop and provide an annual Reliability Standards Development Plan for development of Reliability Standards to the Applicable Governmental Authorities. NERC shall consider the comments and priorities of the Applicable Governmental Authorities in developing and updating the annual Reliability Standards Development Plan. Each annual Reliability Standards Development Plan shall include a progress report comparing results achieved to the prior year's Reliability Standards Development Plan.

311. Regional Entity Standards Development Procedures

1. **NERC Approval of Regional Entity Reliability Standards Development Procedure** — To enable a Regional Entity to develop Regional Reliability Standards that are to be recognized and made part of NERC Reliability Standards, a Regional Entity may request NERC to approve a Regional Reliability Standards development procedure.
2. **Public Notice and Comment on Regional Reliability Standards Development Procedure** — Upon receipt of such a request, NERC shall publicly notice and request comment on the proposed Regional Reliability Standards development procedure, allowing a minimum of 45 days for comment. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to withdraw the request, revise the Regional Reliability Standards development procedure and request another posting for comment, or submit the Regional Reliability Standards development procedure, along with its consideration of any objections received, for approval by NERC.
3. **Evaluation of Regional Reliability Standards Development Procedure** — NERC shall evaluate whether a Regional Reliability Standards development procedure meets the criteria listed below and shall consider stakeholder comments, any unresolved stakeholder objections, and the consideration of comments provided by the Regional Entity, in making that determination. If NERC determines the Regional Reliability Standards development procedure meets these requirements, the Regional Reliability Standards development procedure shall be submitted to the Board for approval. The Board shall consider the recommended action, stakeholder comments, any unresolved stakeholder comments, and the Regional Entity consideration of comments in determining whether to approve the Regional Reliability Standards development procedure.
 - 3.1 **Evaluation Criteria** — The Regional Reliability Standards development procedure shall be:
 - 3.1.1 **Open** — The Regional Reliability Standards development procedure shall provide that any person or entity who is directly and materially affected by the reliability of the Bulk Power Systems within the Regional Entity shall be able to participate in the development and approval of Reliability Standards. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in the Regional Entity, a Regional Entity or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
 - 3.1.2 **Inclusive** — The Regional Reliability Standards development procedure shall provide that any Person with a direct and material

interest has a right to participate by expressing an opinion and its basis, having that position considered, and appealing through an established appeals process if adversely affected.

- 3.1.3 **Balanced** — The Regional Reliability Standards development procedure shall have a balance of interests and shall not permit any two interest categories to dominate a matter or any single interest category to defeat a matter.
 - 3.1.4 **Due Process** — The Regional Reliability Standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the Regional Reliability Standards development procedure shall include public notice of the intent to develop a Regional Reliability Standard, a public comment period on the proposed Regional Reliability Standard, due consideration of those public comments, and a ballot of interested stakeholders.
 - 3.1.5 **Transparent** — All actions material to the development of Regional Reliability Standards shall be transparent. All Regional Reliability Standards development meetings shall be open and publicly noticed on the Regional Entity's website.
 - 3.1.6 **Accreditation of Regional Standards Development Procedure** — A Regional Entity's Regional Reliability Standards development procedure that is accredited by the American National Standards Institute shall be deemed to meet the criteria listed in this Section 311.3.1, although such accreditation is not a prerequisite for approval by NERC.
 - 3.1.7 **Use of NERC Procedure** — A Regional Entity may adopt the NERC *Standard Processes Manual* as the Regional Reliability Standards development procedure, in which case the Regional Entity's Regional Reliability Standards development procedure shall be deemed to meet the criteria listed in this Section 311.3.1.
4. **Revisions of Regional Reliability Standards Development Procedures** — Any revision to a Regional Reliability Standards development procedure shall be subject to the same approval requirements set forth in Sections 311.1 through 311.3.
 5. **Duration of Regional Reliability Standards Development Procedures** — The Regional Reliability Standards development procedure shall remain in effect until such time as it is replaced with a new version approved by NERC or it is withdrawn by the Regional Entity. The Regional Entity may, at its discretion, withdraw its Regional Reliability Standards development procedure at any time.

312. Regional Reliability Standards

1. **Basis for Regional Reliability Standards** — Regional Entities may propose Regional Reliability Standards that set more stringent reliability requirements than the NERC Reliability Standard or cover matters not covered by an existing NERC Reliability Standard. Such Regional Reliability Standards shall in all cases be submitted to NERC for adoption and, if adopted, made part of the NERC Reliability Standards and shall be enforceable in accordance with the delegation agreement between NERC and the Regional Entity or other instrument granting authority over enforcement to the Regional Entity. No entities other than NERC and the Regional Entity shall be permitted to develop Regional Reliability Standards that are enforceable under statutory authority delegated to NERC and the Regional Entity.
2. **Regional Reliability Standards That are Directed by a NERC Reliability Standard** — Although it is the intent of NERC to promote uniform Reliability Standards across North America, in some cases it may not be feasible to achieve a reliability objective with a Reliability Standard that is uniformly applicable across North America. In such cases, NERC may direct Regional Entities to develop Regional Reliability Standards necessary to implement a NERC Reliability Standard. Such Regional Reliability Standards that are developed pursuant to a direction by NERC shall be made part of the NERC Reliability Standards.
3. **Procedure for Developing an Interconnection-wide Regional Standard** — A Regional Entity organized on an Interconnection-wide basis may propose a Regional Reliability Standard for approval as a NERC Reliability Standard to be made mandatory for all applicable Bulk Power System owners, operators, and users within that Interconnection.
 - 3.1 **Presumption of Validity** — An Interconnection-wide Regional Reliability Standard that is determined by NERC to be just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities, shall be adopted as a NERC Reliability Standard. NERC shall rebuttably presume that a Regional Reliability Standard developed, in accordance with a Regional Reliability Standards development process approved by NERC, by a Regional Entity organized on an Interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities.
 - 3.2 **Notice and Comment Procedure for Interconnection-wide Regional Reliability Standard** — NERC shall publicly notice and request comment on the proposed Interconnection-wide Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability

Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to comment on or withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for approval by NERC.

- 3.3 **Adoption of Interconnection-wide Regional Reliability Standard by NERC** — NERC shall evaluate and recommend whether a proposed Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections that could serve as a basis for rebutting the presumption of validity of the Regional Reliability Standard. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning the proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity's request, NERC's recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity's consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
 - 3.4 **Applicable Governmental Authority Approval** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.
 - 3.5 **Enforcement of Interconnection-wide Regional Reliability Standard** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.
4. **Procedure for Developing Non-Interconnection-Wide Regional Reliability Standards** — Regional Entities that are not organized on an Interconnection-wide basis may propose Regional Reliability Standards to apply within their respective Regions. Such Regional Reliability Standards may be developed through the NERC Reliability Standards development procedure, or alternatively, through a Regional Reliability Standards development procedure that has been approved by NERC.

- 4.1 **No Presumption of Validity** — Regional Reliability Standards that are not proposed to be applied on an Interconnection-wide basis are not presumed to be valid but may be demonstrated by the proponent to be valid.
- 4.2 **Notice and Comment Procedure for Non-Interconnection-wide Regional Reliability Standards** — NERC shall publicly notice and request comment on the proposed Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity’s Regional Reliability Standards development process. The Regional Entity shall have an opportunity to comment on or resolve any objections identified in the comments and may choose to withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for adoption by NERC.
- 4.3 **NERC Adoption of Non-Interconnection-wide Regional Reliability Standards** — NERC shall evaluate and recommend whether a proposed non-Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity’s request, the recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity’s consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
- 4.4 **Applicable Governmental Authority Approval** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.
- 4.5 **Enforcement of Non-Interconnection-wide Regional Reliability Standards** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory

within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

5. **Appeals** — A Regional Entity shall have the right to appeal NERC’s decision not to adopt a proposed Regional Reliability Standard or Variance to the Commission or other Applicable Governmental Authority.

313. Other Regional Criteria, Guides, Procedures, Agreements, Etc.

1. **Regional Criteria** — Regional Entities may develop Regional Criteria that are necessary to implement, to augment, or to comply with NERC Reliability Standards, but which are not Reliability Standards. Regional Criteria may also address issues not within the scope of Reliability Standards, such as resource adequacy. Regional Criteria may include specific acceptable operating or planning parameters, guides, agreements, protocols or other documents used to enhance the reliability of the Bulk Power System in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or regional Variances, and therefore are not enforceable under authority delegated by NERC pursuant to delegation agreements and do not require NERC approval.
2. **Catalog of Regional Criteria** — NERC shall maintain a current catalog of Regional Criteria. Regional Entities shall provide a catalog listing of Regional Criteria to NERC and shall notify NERC of changes to the listing. Regional Entities shall provide any listed document to NERC upon written request.

314. Conflicts with Statutes, Regulations, and Orders

Notice of Potential Conflict — If a Bulk Power System owner, operator, or user determines that a NERC or Regional Reliability Standard may conflict with a function, rule, order, tariff, rate schedule, legislative requirement or agreement that has been accepted, approved, or ordered by a governmental authority affecting that entity, the entity shall expeditiously notify the governmental authority, NERC, and the relevant Regional Entity of the conflict.

1. **Determination of Conflict** — NERC, upon request of the governmental authority, may advise the governmental authority regarding the conflict and propose a resolution of the conflict, including revision of the Reliability Standard if appropriate.
2. **Regulatory Precedence** — Unless otherwise ordered by a governmental authority, the affected Bulk Power System owner, operator, or user shall continue to follow the function, rule, order, tariff, rate schedule, legislative requirement, or agreement accepted, approved, or ordered by the governmental authority until the

governmental authority finds that a conflict exists and orders a remedy and such remedy is affected.

315. Revisions to NERC Standard Processes Manual

Any person or entity may submit a written request to modify NERC *Standard Processes Manual*. Consideration of the request and development of the revision shall follow the process defined in the NERC *Standard Processes Manual*. Upon approval by the Board, the revision shall be submitted to the Applicable Governmental Authorities for approval. Changes shall become effective only upon approval by the Applicable Governmental Authorities or on a date designated by the Applicable Governmental Authorities or as otherwise applicable in a particular jurisdiction.

316. Accreditation

NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.

317. Five-Year Review of Reliability Standards

NERC shall complete a review of each NERC Reliability Standard at least once every five years, or such longer period as is permitted by the American National Standards Institute, from the effective date of the Reliability Standard or the latest revision to the Reliability Standard, whichever is later. The review process shall be conducted in accordance with the NERC *Standard Processes Manual*. The standards process manager shall be responsible for administration of the five-year review of Reliability Standards. As a result of this review, the NERC Reliability Standard shall be reaffirmed, revised, or withdrawn. If the review indicates a need to revise or withdraw the Reliability Standard, a request for revision or withdrawal shall be prepared, submitted and addressed in accordance with the NERC *Standard Processes Manual*.

318. Coordination with the North American Energy Standards Board

NERC shall maintain a close working relationship with the North American Energy Standards Board and ISO/RTO Council to ensure effective coordination of wholesale electric business practice standards and market protocols with the NERC Reliability Standards.

319. Archived Standards Information

NERC shall maintain a historical record of Reliability Standards information that is no longer maintained on-line. For example, Reliability Standards that have been retired may be removed from the on-line system. Archived information shall be retained indefinitely

as practical, but in no case less than six years or one complete Reliability Standards review cycle from the date on which the Reliability Standard was no longer in effect. Archived records of Reliability Standards information shall be available electronically within 30 days following the receipt by the NERC standards information manager of a written request.

320. Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels

1. **Development of Violation Risk Factors and Violation Severity Levels** — NERC shall follow the process for developing Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) as set forth in the *Standard Processes Manual, Appendix 3A* to these Rules of Procedure.
2. **Remands of Directed Revision of VRFs and VSLs by Applicable Governmental Authorities** — If an Applicable Governmental Authority remands or directs a revision to a Board-approved VRF or VSL assignment, the NERC director of standards, after consulting with the standard drafting team, Standards Committee, and the NERC director of compliance operations, will recommend to the Board one of the following actions: (1) filing a request for clarification; (2) filing for rehearing or for review of the Applicable Governmental Authority decision; or (3) approval of the directed revisions to the VRF or VSL. If and to the extent time is available prior to the deadline for the Board’s decision, an opportunity for interested parties to comment on the action taken will be provided.
3. **Alternative Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels** — In the event the Reliability Standards development process fails to produce Violation Risk Factors or Violation Severity Levels for a particular Reliability Standard in a timely manner, the Board of Trustees may approve Violation Risk Factors or Violation Severity Levels for that Reliability Standard after notice and opportunity for comment. In approving VRFs and VSLs, the Board shall consider the inputs of the Member Representatives Committee, affected stakeholders and NERC staff.

321. Special Rule to Address Certain Regulatory Directives

In circumstances where this Rule 321 applies, the Board of Trustees shall have the authority to take one or more of the actions set out below. The Board of Trustees shall have the authority to choose which one or more of the actions are appropriate to the circumstances and need not take these actions in sequential steps.

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by Applicable Governmental Authorities. If the Board of Trustees is presented with a proposed Reliability Standard that fails to address such directives, the Board of Trustees has the authority to remand, with instructions (including establishing a

timetable for action), the proposed Reliability Standard to the Standards Committee.

2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to remand the proposed Reliability Standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed Reliability Standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.
 - 2.1 Such a re-ballot shall be completed within forty-five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.
 - 2.2 In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the proposal shall be counted for purposes of determining the number of votes cast and whether the proposed Reliability Standard has been approved.
3. If the re-balloted proposed Reliability Standard achieves at least an affirmative two-thirds majority vote of the weighted Segment votes cast, with a quorum established, then the proposed Reliability Standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.
4. If the re-balloted proposed Reliability Standard fails to achieve at least an affirmative two-thirds majority vote of the weighted Segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted Segment votes cast, with a quorum established, then the Board of Trustees has the authority to consider the proposed Reliability Standard for approval under the following procedures:
 - 4.1 The Board of Trustees shall issue notice of its intent to consider the proposed Reliability Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed Reliability Standard that address the specific matter identified in the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in

the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.

- 4.2 The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.
- 4.3 After considering the developmental record, the comments received during balloting and the additional input received under paragraphs 4.1 and 4.2 of this Rule, the Board of Trustees has authority to act on the proposed Reliability Standard.
 - 4.3.1 If the Board of Trustees finds that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to approve the proposed Reliability Standard and direct that it be filed with Applicable Governmental Authorities with a request that it be made effective.
 - 4.3.2 If the Board of Trustees is unable to find that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to treat the proposed Reliability Standard as a draft Reliability Standard and direct that the draft Reliability Standard and complete developmental record, including the additional input received under paragraphs 4.1 and 4.2 of this Rule, be filed with the Applicable Governmental Authorities as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Reliability Standard not be made effective and an explanation of the basis for the recommendation.
5. Upon a written finding by the Board of Trustees that standard drafting team has failed to develop, or a ballot pool has failed to approve, a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to direct the Standards Committee (with the assistance of stakeholders and NERC staff) to prepare a draft Reliability Standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. If the Standards Committee fails to prepare such draft Reliability Standard, the Board of Trustees may direct NERC management to prepare such draft Reliability Standard.

- 5.1 The Board of Trustees may, in its discretion, convene a public technical conference to receive input on the matter. The draft Reliability Standard shall be posted for a 45-day public comment period.
- 5.2 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees finds that the draft Reliability Standard, with such modifications as the Board of Trustees determines are appropriate in light of the comments received, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to approve the draft Reliability Standard and direct that the proposed Reliability Standard be filed with Applicable Governmental Authorities with a request that the proposed Reliability Standard be made effective.
- 5.3 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees is unable to find that the draft Reliability Standard, even with modifications, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to direct that the draft Reliability Standard and complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Governmental Authority issuing the regulatory directive, with a recommendation that the draft Reliability Standard not be made effective.
- 5.4 The filing of the Reliability Standard under either paragraph 5.2 or paragraph 5.3 of this Rule shall include an explanation of the basis for the decision by the Board of Trustees.
- 5.5 A Reliability Standard approved under paragraph 5 of this Rule shall not be eligible for submission as an American National Standard.
6. NERC shall on or before March 31st of each year file a report with Applicable Governmental Authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an Applicable Governmental Authority.

SECTION 400 — COMPLIANCE ENFORCEMENT

401. Scope of the NERC Compliance Monitoring and Enforcement Program

1. **Components of the NERC Compliance Monitoring and Enforcement Program** — NERC shall develop and implement a NERC Compliance Monitoring and Enforcement Program to promote the reliability of the Bulk Power System by enforcing compliance with approved Reliability Standards in those regions of North America in which NERC and/or a Regional Entity (pursuant to a delegation agreement with NERC that has been approved by the Applicable Governmental Authority) has been given enforcement authority. There are four distinct parts of the NERC Compliance Monitoring and Enforcement Program: (1) NERC's oversight of the Regional Entity Compliance Monitoring and Enforcement Programs (Section 402), (2) the definition of the required Regional Entity Compliance Monitoring and Enforcement Program attributes (Section 403), (3) NERC's monitoring of Regional Entity compliance with Reliability Standards (Section 404), and (4) the monitoring of compliance with Reliability Standards that are applicable to NERC (Sections 405–406).
2. **Who Must Comply** — Where required by applicable legislation, regulation, rule or agreement, all Bulk Power System owners, operators, and users, Regional Entities, and NERC, are required to comply with all approved NERC Reliability Standards at all times. Regional Reliability Standards and Variances approved by NERC and the Applicable Governmental Authority shall be considered NERC Reliability Standards and shall apply to all Bulk Power System owners, operators, or users responsible for meeting those Reliability Standards within the Regional Entity boundaries, whether or not the Bulk Power System owner, operator, or user is a member of the Regional Entity.
3. **Data Access** — All Bulk Power System owners, operators, and users shall provide to NERC and the applicable Regional Entity such information as is necessary to monitor compliance with the Reliability Standards. NERC and the applicable Regional Entity will define the data retention and reporting requirements in the Reliability Standards and compliance reporting procedures.
4. **Role of Regional Entities in the Compliance Monitoring and Enforcement Program** — Each Regional Entity that has been delegated authority through a delegation agreement or other legal instrument approved by the Applicable Governmental Authority shall, in accordance with the terms of the approved delegation agreement, administer a Regional Entity Compliance Monitoring and Enforcement program to meet the NERC Compliance Monitoring and Enforcement Program goals and the requirements in this Section 400.
5. **Program Continuity** — NERC will ensure continuity of compliance monitoring and enforcement within the geographic boundaries of a Regional Entity in the event that NERC does not have a delegation agreement, or the Regional Entity withdraws from the agreement or does not operate its Compliance Monitoring and Enforcement Program in accordance with the delegation agreement or other applicable requirements.

- 5.1 Should NERC not have a delegation agreement with a Regional Entity covering a geographic area, or a Regional Entity withdraws from an existing delegation agreement or the delegation agreement is otherwise terminated, NERC will directly administer the Compliance Monitoring and Enforcement Program applicable to owners, operators and users of the Bulk Power System within that geographic area.
 1. This monitoring and enforcement will be accomplished by NERC and Compliance Staff from another approved Regional Entity.
 2. If an existing delegation agreement with a Regional Entity is terminating, the Regional Entity shall promptly provide to NERC all relevant compliance information regarding Registered Entities, contacts, prior compliance information and actions, Mitigation Plans, and Remedial Action Directives for the period in which the Regional Entity was responsible for administering the Compliance Monitoring and Enforcement Program.
 3. NERC will levy and collect all Penalties directly and will utilize any Penalty monies collected to offset the expenses of administering the Compliance Monitoring and Enforcement Program for the geographic area.
- 5.2 Should a Regional Entity seek to withdraw from its delegation agreement, NERC will seek agreement from another Regional Entity to amend its delegation agreement with NERC to extend that Regional Entity's boundaries for compliance monitoring and enforcement. In the event no Regional Entity is willing to accept this responsibility, NERC will administer the Compliance Monitoring and Enforcement Program within the geographical boundaries of the Regional Entity seeking to withdraw from the delegation agreement, in accordance with Section 401.5.1.
6. **Actively Monitored Requirements** — NERC, with input from the Regional entities, stakeholders, and regulators, shall annually select a subset of the NERC Reliability Standards and Requirements to be actively monitored and audited in the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan. Compliance is required, and NERC and the Regional Entities have authority to monitor compliance, with all NERC Reliability Standards whether or not they are included in the subset of Reliability Standards and Requirements designated to be actively monitored and audited in the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan.
7. **Penalties, Sanctions, and Remedial Action Directives** — NERC and Regional Entities will apply Penalties, sanctions, and Remedial Action Directives that bear a reasonable relation to the seriousness of a violation and take into consideration timely remedial efforts as defined in the NERC *Sanction Guidelines*, which is incorporated into these rules as **Appendix 4B**.
8. **Multiple Enforcement Actions** – A Registered Entity shall not be subject to an enforcement action by NERC and a Regional Entity, or by more than one

Regional Entity (unless the Registered Entity is registered in more than one Region in which the violation occurred), for the same violation.

9. **Records** — NERC shall maintain a record of each compliance submission, including Self-Reported, Possible, Alleged, and Confirmed Violations of approved Reliability Standards; associated Penalties, sanctions, Remedial Action Directives and settlements; and the status of mitigation actions.
10. **Confidential Information** — NERC will treat all Possible and Alleged Violations of Reliability Standards and matters related to a Compliance Monitoring and Enforcement Program process, including the status of any Compliance Investigation or other Compliance Monitoring and Enforcement Program process, as confidential in accordance with Section 1500.

The types of information that will be considered confidential and will not (subject to statutory and regulatory requirements) be disclosed in any public information reported by NERC are identified in Section 1500. Information that would jeopardize Bulk Power System reliability, including information relating to a Cyber Security Incident, will be identified and protected from public disclosure as Critical Energy Infrastructure Information in accordance with Section 1500.

The Regional Entity and NERC shall give Bulk Power System owners, operators, and users a reasonable opportunity to demonstrate that information concerning a violation is confidential before such report is disclosed to the public.

11. **Public Posting** — When the affected Bulk Power System owner, operator, or user either agrees with a Possible or Alleged Violation(s) of a Reliability Standard(s) or a report of a Compliance Audit or Compliance Investigation, or enters into a settlement agreement concerning a Possible or Alleged Violation(s), or the time for submitting an appeal is passed, or all appeals processes are complete, NERC shall, subject to the confidentiality requirements of these Rules of Procedure, publicly post each Confirmed Violation, Penalty or sanction, settlement agreement, and final Compliance Audit or Compliance Investigation report, on its website.

11.1 Each Bulk Power System owner, operator, or user may provide NERC with a statement to accompany the Confirmed Violation or report to be posted publicly. The statement must be on company letterhead and include a signature, as well as the name and title of the person submitting the information.

11.2 In accordance with Section 1500, information deemed by a Bulk Power System owner, operator, or user, Regional Entity, or NERC as Critical Energy Infrastructure Information (*NERC Security Guidelines for the Electricity Sector — Protecting Potentially Sensitive Information* may be used as a guide) or other Confidential Information shall be redacted in accordance with Section 1500 and not be released publicly.

11.3 Subject to redaction of Critical Energy Infrastructure Information or other Confidential Information, for each Confirmed Violation or settlement relating to a Possible Violation or an Alleged Violation, the public posting shall include the name of any relevant entity, the nature, time period, and circumstances of such Possible, Alleged or Confirmed Violation, any Mitigation Plan or other Mitigating Activities to be implemented by the Registered Entity in connection with the Confirmed Violation or settlement, and sufficient facts to assist owners, operators and users of the Bulk Power System to evaluate whether they have engaged in or are engaging in similar activities.

12. **Violation Information Review** — NERC Compliance Staff shall periodically review and analyze all reports of Possible, Alleged and Confirmed Violations to identify trends and other pertinent reliability issues.

402. NERC Oversight of the Regional Entity Compliance Monitoring and Enforcement Programs

1. **NERC Monitoring Program** — NERC shall have a program to monitor the Compliance Monitoring and Enforcement Program of each Regional Entity that has been delegated authority. The objective of this monitoring program shall be to ensure that the Regional Entity carries out its Compliance Monitoring and Enforcement Program in accordance with these Rules of Procedure and the terms of the delegation agreement, and to ensure consistency and fairness of the Regional Entity's Compliance Monitoring and Enforcement Program. Oversight and monitoring by NERC shall be accomplished through an annual Compliance Monitoring and Enforcement Program review, program audits, and regular evaluations of Regional Entity Compliance Monitoring and Enforcement Program performance as described below.

1.1 **NERC Review of Annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plans** — NERC shall require each Regional Entity to submit for review and approval an annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan. NERC shall review each annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan and shall accept the plan if it meets NERC requirements and the requirements of the delegation agreement.

1.2 **Regional Entity Compliance Monitoring and Enforcement Program Evaluation** — NERC shall annually evaluate the goals, tools, and procedures of each Regional Entity Compliance Monitoring and Enforcement Program to determine the effectiveness of each Regional Entity Compliance Monitoring and Enforcement Program, using criteria developed by the NERC Compliance and Certification Committee.

1.3 **Regional Entity Compliance Monitoring and Enforcement Program Audit** — At least once every five years, NERC shall conduct an audit to evaluate how each Regional Entity Compliance Monitoring and

Enforcement Program implements the NERC Compliance Monitoring and Enforcement Program. The evaluation shall be based on these Rules of Procedure, including Appendix 4C, the delegation agreement, directives in effect pursuant to the delegation agreement, approved annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plans, required Compliance Monitoring and Enforcement Program attributes, and the NERC Compliance Monitoring and Enforcement Program procedures. These evaluations shall be provided to the Applicable Governmental Authorities to demonstrate the effectiveness of each Regional Entity. In addition, audits of Cross-Border Regional Entities shall cover applicable requirements imposed on the Regional Entity by statute, regulation, or order of, or agreement with, provincial governmental and/or regulatory authorities for which NERC has auditing responsibilities over the Regional Entity's compliance with such requirements within Canada or Mexico. Participation of a representative of an Applicable Governmental Authority shall be subject to the limitations of sections 3.1.6 and 8.0 of Appendix 4C of these Rules of Procedure regarding disclosures of non-public compliance information related to other jurisdictions. NERC shall maintain an audit procedure containing the requirements, steps, and timelines to conduct an audit of each Regional Entity Compliance Monitoring and Enforcement Program. The current procedure is contained in the NERC Audit of Regional Entity Compliance Programs, which is incorporated into these rules as **Appendix 4A**.

1.3.1. NERC shall establish a program to audit bulk power system owners, operators, and users operating within a regional entity to verify the findings of previous compliance audits conducted by the regional entity to evaluate how well the regional entity compliance enforcement program is meeting its delegated authority and responsibility.

1.4 Applicable Governmental Authorities will be allowed to participate as an observer in any audit conducted by NERC of a Regional Entity's Compliance Monitoring and Enforcement Program. A representative of the Regional Entity being audited will be allowed to participate in the audit as an observer.

2. **Consistency Among Regional Compliance Monitoring and Enforcement Programs** — To provide for a consistent Compliance Monitoring and Enforcement Program for all Bulk Power System owners, operators, and users required to comply with approved Reliability Standards, NERC shall maintain a single, uniform Compliance Monitoring and Enforcement Program, which is incorporated into these rules of procedure as **Appendix 4C**. Any differences in Regional Entity Compliance Monitoring and Enforcement Program methods, including determination of violations and Penalty assessment, shall be justified on a case-by-case basis and fully documented in each Regional Entity delegation agreement.

- 2.1 NERC shall ensure that each of the Regional Entity Compliance Monitoring and Enforcement Programs meets these Rules of Procedure, including **Appendix 4C**, and follows the terms of the delegation agreement and the approved annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan.
- 2.2 NERC shall maintain a single, uniform Compliance Monitoring and Enforcement Program in **Appendix 4C** containing the procedures to ensure the consistency and fairness of the processes used to determine Regional Entity Compliance Monitoring and Enforcement Program findings of compliance and noncompliance, and the application of Penalties and sanctions.
- 2.3 NERC shall periodically conduct Regional Entity compliance manager forums. These forums shall use the results of Regional Entity Compliance Monitoring and Enforcement Program audits and findings of NERC Compliance Staff to identify and refine Regional Entity Compliance Monitoring and Enforcement Program differences into a set of best practices over time.
3. **Information Collection and Reporting** — NERC and the Regional Entities shall implement data management procedures that address data reporting requirements, data integrity, data retention, data security, and data confidentiality.
4. **Violation Disclosure** — NERC shall disclose all Confirmed Violations and maintain as confidential Possible Violations and Alleged Violations, according to the reporting and disclosure process in **Appendix 4C**.
5. **Authority to Determine Noncompliance, Levy Penalties and Sanctions, and Issue Remedial Action Directives** — NERC and Regional Entity Compliance Staff shall have the authority and responsibility to make initial determinations of compliance or noncompliance, and where authorized by the Applicable Governmental Authorities or where otherwise authorized, to determine Penalties and sanctions for noncompliance with a Reliability Standard, and issue Remedial Action Directives. Regional Entity boards or a compliance panel reporting directly to the Regional Entity board will be vested with the authority for the overall Regional Entity Compliance Monitoring and Enforcement Program and have the authority to impose Penalties and sanctions on behalf of NERC, where authorized by applicable legislation or agreement. Remedial Action Directives may be issued by NERC or a Regional Entity that is aware of a Bulk Power System owner, operator, or user that is, or is about to engage in an act or practice that would result, in noncompliance with a Reliability Standard, where such Remedial Action Directive is immediately necessary to protect the reliability of the Bulk Power System from an imminent or actual threat. If, after receiving such a Remedial Action Directive, the Bulk Power System owner, operator, or user does not take appropriate action to avert a violation of a Reliability Standard,

NERC may petition the Applicable Governmental Authority to issue a compliance order.

6. **Due Process** — NERC shall establish and maintain a fair, independent, and nondiscriminatory appeals process. The appeals process is set forth in Sections 408-410. The process shall allow Bulk Power System owners, operators, and users to appeal the Regional Entity's findings of noncompliance and to appeal Penalties, sanctions, and Remedial Action Directives that are levied by the Regional Entity. Appeals beyond the NERC process will be heard by the Applicable Governmental Authority.

The appeals process will also allow for appeals to NERC of any findings of noncompliance issued by NERC to a Regional Entity for Reliability Standards and Requirements where the Regional Entity is monitored for compliance to a Reliability Standard. No monetary Penalties will be levied in these matters; however sanctions, remedial actions, and directives to comply may be applied by NERC.

7. **Conflict Disclosure** — NERC shall disclose to the appropriate governmental authorities any potential conflicts between a market rule and the enforcement of a Regional Reliability Standard.
8. **Confidentiality** — To maintain the integrity of the NERC Compliance Monitoring and Enforcement Program, NERC and Regional Entity staff, Compliance Audit team members, and committee members shall maintain the confidentiality of information obtained and shared during compliance monitoring and enforcement processes including Compliance Investigations, Compliance Audits, Spot Checks, drafting of reports, appeals, and closed meetings.
 - 8.1 NERC and the Regional Entity shall have in place appropriate codes of conduct and confidentiality agreements for staff and other Compliance Monitoring and Enforcement Program participants.
 - 8.2 Individuals not bound by NERC or Regional Entity codes of conduct who serve on compliance-related committees or Compliance Audit teams shall sign a NERC confidentiality agreement prior to participating on the committee or Compliance Audit team.
 - 8.3 Information deemed by a Bulk Power System owner, operator, or user, Regional Entity, or NERC as Critical Energy Infrastructure Information shall not be distributed outside of a committee or team, nor released publicly. Other information subject to confidentiality is identified in Section 1500.
 - 8.4 In the event that a staff, committee, or Compliance Audit team member violates any of the confidentiality rules set forth above, the staff, committee, or Compliance Audit team member and any member organization with which the individual is associated may be subject to

appropriate action by the Regional Entity or NERC, including prohibiting participation in future Compliance Monitoring and Enforcement Program activities.

9. **Auditor Training** — NERC shall develop and provide training in auditing skills to all people who participate in NERC and Regional Entity Compliance Audits. Training for NERC and Regional Entity personnel and others who serve as Compliance Audit team leaders shall be more comprehensive than training given to industry subject matter experts and Regional Entity members. Training for Regional Entity members may be delegated to the Regional Entity.

403. Required Attributes of Regional Entity Compliance Monitoring and Enforcement Programs

Each Regional Entity Compliance Monitoring and Enforcement Program shall promote excellence in the enforcement of Reliability Standards. To accomplish this goal, each Regional Entity Compliance Monitoring and Enforcement Program shall (i) conform to and comply with the NERC uniform Compliance Monitoring and Enforcement Program, **Appendix 4C** to these Rules of Procedure, except to the extent of any deviations that are stated in the Regional Entity's delegation agreement, and (ii) meet all of the attributes set forth in this Section 403.

Program Structure

1. **Independence** — Each Regional Entity's governance of its Compliance Monitoring and Enforcement Program shall exhibit independence, meaning the Compliance Monitoring and Enforcement Program shall be organized so that its compliance monitoring and enforcement activities are carried out separately from other activities of the Regional Entity. The Compliance Monitoring and Enforcement Program shall not be unduly influenced by the Bulk Power System owners, operators, and users being monitored or other Regional Entity activities that are required to meet the Reliability Standards. Regional Entities must include rules providing that no two industry sectors may control any decision and no single segment may veto any matter related to compliance.
2. **Exercising Authority** — Each Regional Entity Compliance Monitoring and Enforcement Program shall exercise the responsibility and authority in carrying out the delegated functions of the NERC Compliance Monitoring and Enforcement Program in accordance with delegation agreements and **Appendix 4C**. These functions include but are not limited to: data gathering, data reporting, Compliance Investigations, Compliance Audit activities, evaluating compliance and noncompliance, imposing Penalties and sanctions, and approving and tracking mitigation actions.
3. **Delegation of Authority** — To maintain independence, fairness, and consistency in the NERC Compliance Monitoring and Enforcement Program, a Regional Entity shall not sub-delegate its Compliance Monitoring and Enforcement Program duties to entities or persons other than the Regional Entity Compliance Staff, unless (i) required by statute or regulation in the applicable jurisdiction, or

(ii) by agreement with express approval of NERC and of FERC or other Applicable Governmental Authority, to another Regional Entity.

4. **Hearings of Contested Findings or Sanctions** — The Regional Entity board or compliance panel reporting directly to the Regional Entity board (with appropriate recusal procedures) will be vested with the authority for conducting compliance hearings in which any Bulk Power System owner, operator, or user provided a Notice of Alleged Violation may present facts and other information to contest a Notice of Alleged Violation or any proposed Penalty, sanction, any Remedial Action Directive, or any Mitigation Plan component. Compliance hearings shall be conducted in accordance with the Hearing Procedures set forth in Attachment 2 to **Appendix 4C**. If a stakeholder body serves as the Hearing Body, no two industry sectors may control any decision and no single segment may veto any matter related to compliance after recusals.

Program Resources

5. **Regional Entity Compliance Staff** — Each Regional Entity shall have sufficient resources to meet delegated compliance monitoring and enforcement responsibilities, including the necessary professional staff to manage and implement the Regional Entity Compliance Monitoring and Enforcement Program.
6. **Regional Entity Compliance Staff Independence** — The Regional Entity Compliance Staff shall be capable of and required to make all determinations of compliance and noncompliance and determine Penalties, sanctions, and Remedial Action Directives and to review and accept Mitigation Plans and other Mitigating Activities.
 - 6.1 Regional Entity Compliance Staff shall not have a conflict of interest, real or perceived, in the outcome of compliance monitoring and enforcement processes, reports, or sanctions. The Regional Entity shall have in effect a conflict of interest policy.
 - 6.2 Regional Entity Compliance Staff shall have the authority and responsibility to carry out compliance monitoring and enforcement processes (with the input of industry subject matter experts), make determinations of compliance or noncompliance, and levy Penalties and sanctions without interference or undue influence from Regional Entity members and their representative or other industry entities.
 - 6.3 Regional Entity Compliance Staff may call upon independent technical subject matter experts who have no conflict of interest in the outcome of the compliance monitoring and enforcement process to provide technical advice or recommendations in the determination of compliance or noncompliance.
 - 6.4 Regional Entity Compliance Staff shall abide by the confidentiality requirements contained in Section 1500 and **Appendix 4C** of these Rules of Procedure, the NERC delegation agreement and other confidentiality

agreements required by the NERC Compliance Monitoring and Enforcement Program.

- 6.5 Contracting with independent consultants or others working for the Regional Entity Compliance Monitoring and Enforcement Program shall be permitted provided the individual has not received compensation from a Bulk Power System owner, operator, or user being monitored for a period of at least the preceding six months and owns no financial interest in any Bulk Power System owner, operator, or user being monitored for compliance to the Reliability Standard, regardless of where the Bulk Power System owner, operator, or user operates. Any such individuals for the purpose of these Rules of Procedure shall be considered as augmenting Regional Entity Compliance Staff.

7. Use of Industry Subject Matter Experts and Regional Entity Members — Industry experts and Regional Entity members may be called upon to provide their technical expertise in Compliance Monitoring and Enforcement Program activities.

- 7.1 The Regional Entity shall have procedures defining the allowable involvement of industry subject matter experts and Regional Entity members. The procedures shall address applicable antitrust laws and conflicts of interest.
- 7.2 Industry subject matter experts and Regional Entity members shall have no conflict of interest or financial interests in the outcome of their activities.
- 7.3 Regional Entity members and industry subject matter experts, as part of teams or Regional Entity committees, may provide input to the Regional Entity Compliance Staff so long as the authority and responsibility for (i) evaluating and determining compliance or noncompliance and (ii) levying Penalties, sanctions, or Remedial Action Directives shall not be delegated to any person or entity other than the Compliance Staff of the Regional Entity. Industry subject matter experts, Regional Entity members, or Regional Entity committees shall not make determinations of noncompliance or levy Penalties, sanctions, or Remedial Action Directives. Any committee involved shall be organized so that no two industry sectors may control any decision and no single segment may veto any matter related to compliance.
- 7.4 Industry subject matter experts and Regional Entity members shall sign a confidentiality agreement appropriate for the activity being performed.
- 7.5 All industry subject matter experts and Regional Entity members participating in Compliance Audits and Compliance Investigations shall successfully complete auditor training provided by NERC or the Regional Entity prior to performing these activities

Program Design

8. **Regional Entity Compliance Monitoring and Enforcement Program Content** — All approved Reliability Standards shall be included in the Regional Entity Compliance Monitoring and Enforcement Program for all Bulk Power System owners, operators, and users within the defined boundaries of the Regional Entity. Compliance to approved Regional Reliability Standards is applicable only within the Region of the Regional Entity that submitted those particular Regional Reliability Standards for approval. NERC will identify the minimum set of Reliability Standards and Requirements to be actively monitored by the Regional Entity in a given year.
9. **Antitrust Provisions** — Each Regional Entity’s Compliance Monitoring and Enforcement Program shall be structured and administered to abide by U.S. antitrust law and Canadian competition law.
10. **Information Submittal** — All Bulk Power System owners, operators, and users within the Regional Entity responsible for complying with Reliability Standards shall submit timely and accurate information when requested by the Regional Entity or NERC. NERC and the Regional Entities shall preserve any mark of confidentiality on information submitted pursuant to Section 1502.1.
 - 10.1 Each Regional Entity has the authority to collect the necessary information to determine compliance and shall develop processes for gathering data from the Bulk Power System owners, operators, and users the Regional Entity monitors.
 - 10.2 The Regional Entity or NERC has the authority to request information from Bulk Power System owners, operators, and users pursuant to Section 401.3 or this Section 403.10 without invoking a specific compliance monitoring and enforcement process in **Appendix 4C**, for purposes of determining whether to pursue one such process in a particular case and/or validating in the enforcement phase of a matter the conclusions reached through the compliance monitoring and enforcement process(es).
 - 10.3 When required or requested, the Regional Entities shall report information to NERC promptly and in accordance with **Appendix 4C** and other NERC procedures.
 - 10.4 Regional Entities shall notify NERC of all Possible, Alleged and Confirmed Violations of NERC Reliability Standards by Registered Entities over which the Regional Entity has compliance monitoring and enforcement authority, in accordance with **Appendix 4C**.
 - 10.5 A Bulk Power System owner, operator, or user found in noncompliance with a Reliability Standard shall submit a Mitigation Plan with a timeline addressing how the noncompliance will be corrected, unless an enforcement process is used that does not require a Mitigation Plan. The

Regional Entity Compliance Staff shall review and accept the Mitigation Plan in accordance with **Appendix 4C**.

10.6 An officer of a Bulk Power System owner, operator, or user shall certify as accurate all compliance data Self-Reported to the Regional Entity Compliance Monitoring and Enforcement Program.

10.7 Regional Entities shall develop and implement procedures to verify the compliance information submitted by Bulk Power System owners, operators, and users.

11. **Compliance Audits of Bulk Power System Owners, Operators, and Users** — Each Regional Entity will maintain and implement a program of proactive Compliance Audits of Bulk Power System owners, operators, and users responsible for complying with Reliability Standards, in accordance with **Appendix 4C**. A Compliance Audit is a process in which a detailed review of the activities of a Bulk Power System owner, operator, or user is performed to determine if that Bulk Power System owner, operator, or user is complying with approved Reliability Standards.

11.1 For an entity registered as a Balancing Authority, Reliability Coordinator, or Transmission Operator, the Compliance Audit will be performed at least once every three years. For other Bulk Power System owners, operators, and users on the NERC Compliance Registry, Compliance Audits shall be performed on a schedule established by NERC.

11.2 Compliance Audits of Balancing Authorities, Reliability Coordinators, and Transmission Operators will include a component at the audited entity's site. For other Bulk Power System owners, operators, and users on the NERC Compliance Registry, the Compliance Audit may be either an on-site Compliance Audit or based on review of documents, as determined to be necessary and appropriate by NERC or Regional Entity Compliance Staff.

11.3 Compliance Audits must include a detailed review of the activities of the Bulk Power System owner, operator, or user to determine if the Bulk Power System owner, operator, or user is complying with all approved Reliability Standards identified for audit by NERC. The Compliance Audit shall include a review of supporting documentation and evidence used by the Bulk Power System owner, operator or user to demonstrate compliance for an appropriate period prior to the Compliance Audit.

12. **Confidentiality of Compliance Monitoring and Enforcement Processes** — All compliance monitoring and enforcement processes, and information obtained from such processes, are to be non-public and treated as confidential in accordance with Section 1500 and **Appendix 4C** of these Rules of Procedure, unless NERC, the Regional Entity or FERC or another Applicable Governmental

Authority with jurisdiction determines a need to conduct a Compliance Monitoring and Enforcement Program process on a public basis, provided, that NERC and the Regional Entities shall publish (i) schedules of Compliance Audits scheduled in each year, (ii) a public report of each Compliance Audit, and (iii) Notices of Penalty and settlement agreements. Advance authorization from the Applicable Governmental Authority is required to make public any compliance monitoring and enforcement process or any information relating to a compliance monitoring and enforcement process, or to permit interventions when determining whether to impose a Penalty. This prohibition on making public any compliance monitoring and enforcement process does not prohibit NERC or a Regional Entity from publicly disclosing (i) the initiation of or results from an analysis of a significant system event under Section 807 or of off-normal events or system performance under Section 808, or (ii) information of general applicability and usefulness to owners, operators, and users of the Bulk Power System concerning reliability and compliance matters, so long as specific allegations or conclusions regarding Possible or Alleged Violations of Reliability Standards are not included in such disclosures.

13. **Critical Energy Infrastructure Information** — Information that would jeopardize Bulk Power System reliability, including information relating to a Cyber Security Incident will be identified and protected from public disclosure as Critical Energy Infrastructure Information. In accordance with Section 1500, information deemed by a Bulk Power System owner, operator, or user, Regional Entity, or NERC as Critical Energy Infrastructure Information shall be redacted according to NERC procedures and shall not be released publicly.
14. **Penalties, Sanctions, and Remedial Action Directives** — Each Regional Entity will apply all Penalties, sanctions, and Remedial Action Directives in accordance with the approved *Sanction Guidelines*, **Appendix 4B** to these Rules of Procedure. Any changes to the *Sanction Guidelines* to be used by any Regional Entity must be approved by NERC and submitted to the Applicable Governmental Authority for approval. All Confirmed Violations, Penalties, and sanctions, including Confirmed Violations, Penalties and sanctions specified in a Regional Entity Hearing Body decision, will be provided to NERC for review and filing with Applicable Governmental Authorities as a Notice of Penalty, in accordance with **Appendix 4C**.
15. **Regional Entity Hearing Process** — Each Regional Entity Compliance Monitoring and Enforcement Program shall establish and maintain a fair, independent, and nondiscriminatory process for hearing contested violations and any Penalties or sanctions levied, in conformance with Attachment 2 to **Appendix 4C** to these Rules of Procedure and any deviations therefrom that are set forth in the Regional Entity's delegation agreement. The hearing process shall allow Bulk Power System owners, operators, and users to contest findings of compliance violations, any Penalties and sanctions that are proposed to be levied, proposed Remedial Action Directives, and components of proposed Mitigation Plans. The Regional Entity hearing process shall be conducted before the Regional Entity

board or a balanced committee established by and reporting to the Regional Entity board as the final adjudicator at the Regional Entity level, provided, that Canadian provincial regulators may act as the final adjudicator in their respective jurisdictions. The Regional Entity hearing process shall (i) include provisions for recusal of any members of the Hearing Body with a potential conflict of interest, real or perceived, from all compliance matters considered by the Hearing Body for which the potential conflict of interest exists and (ii) provide that no two industry sectors may control any decision and no single segment may veto any matter brought before the Hearing Body after recusals.

Each Regional Entity will notify NERC of all hearings and NERC may observe any of the proceedings. Each Regional Entity will notify NERC of the outcome of all hearings.

If a Bulk Power System owner, operator, or user or a Regional Entity has completed the Regional Entity hearing process and desires to appeal the outcome of the hearing, the Bulk Power System owner, operator, or user or the Regional Entity shall appeal to NERC in accordance with Section 409 of these Rules of Procedure, except that a determination of violation or Penalty that has been directly adjudicated by an Applicable Governmental Authority shall be appealed with that Applicable Governmental Authority.

16. **Annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan** — Each Regional Entity shall annually develop and submit to NERC for approval a Regional Entity Compliance Monitoring and Enforcement Implementation Plan in accordance with **Appendix 4C** that identifies the Reliability Standards and Requirements to be actively monitored (both those required by NERC and any additional Reliability Standards the Regional Entity proposes to monitor), and how each NERC and Regional Entity identified Reliability Standard will be monitored, evaluated, reported, sanctioned, and appealed. These Regional Implementation Plans will be submitted to NERC on the schedule established by NERC, generally on or about October 1 of the preceding year. In conjunction with the annual Regional Implementation Plan, each Regional Entity must report to NERC regarding how it carried out its delegated compliance monitoring and enforcement authority in the previous year, the effectiveness of the Compliance Monitoring and Enforcement Program, and changes expected to correct any deficiencies identified. Each Regional Entity will provide its annual report on the schedule established by NERC, generally on or about February 15 of the following year.

404. NERC Monitoring of Compliance for Regional Entities or Bulk Power Owners, Operator, or Users

NERC shall monitor Regional Entity compliance with NERC Reliability Standards and, if no there is no delegation agreement in effect with a Regional Entity for the geographic area, shall monitor Bulk Power System owners, operators, and users for compliance with NERC Reliability Standards. Industry subject matter experts may be used as appropriate in Compliance Investigations, Compliance Audits, and other Compliance Monitoring and

Enforcement Program activities, subject to confidentiality, antitrust, and conflict of interest provisions.

1. **NERC Obligations** — NERC Compliance Staff shall monitor the compliance of the Regional Entity with the Reliability Standards for which the Regional Entities are responsible, in accordance with **Appendix 4C**. NERC shall actively monitor in its annual Compliance Enforcement and Monitoring Program selected Reliability Standards that apply to the Regional Entities. NERC shall evaluate compliance and noncompliance with all of the Reliability Standards that apply to the Regional Entities and shall impose sanctions, Penalties, or Remedial Action Directives when there is a finding of noncompliance. NERC shall post all violations of Reliability Standards that apply to the Regional Entities as described in the reporting and disclosure process in **Appendix 4C**.

In addition, NERC will directly monitor Bulk Power System owners, operators, and users for compliance with NERC Reliability Standards in any geographic area for which there is not a delegation agreement in effect with a Regional Entity, in accordance with **Appendix 4C**. In such cases, NERC will serve as the Compliance Enforcement Authority described in **Appendix 4C**. Compliance matters contested by Bulk Power System owners, operators, and users in such an event will be heard by the NERC Compliance and Certification Committee.

2. **Compliance Audit of the Regional Entity** — NERC shall perform a Compliance Audit of each Regional Entity responsible for complying with Reliability Standards at least once every three years. NERC shall make an evaluation of compliance based on the information obtained through the Compliance Audit. After due process is complete, the final Compliance Audit report shall be made public in accordance with the reporting and disclosure process in **Appendix 4C**.
3. **Appeals Process** — Any Regional Entity or Bulk Power System owner, operator or user found by NERC, as opposed to a Regional Entity, to be in noncompliance with a Reliability Standard may appeal the findings of noncompliance with Reliability Standards and any sanctions or Remedial Action Directives that are issued by, or Mitigation Plan components imposed by, NERC, pursuant to the processes described in Sections 408 through 410.

405. Monitoring of Reliability Standards and Other Requirements Applicable to NERC

The NERC Compliance and Certification Committee shall establish and implement a process to monitor NERC's compliance with the Reliability Standards that apply to NERC. The process shall use independent monitors with no conflict of interest, real or perceived, in the outcomes of the process. All violations shall be made public according to the reporting and disclosure process in **Appendix 4C**. The Compliance and Certification Committee will also establish a procedure for monitoring NERC's compliance with its Rules of Procedure for the Standards Development, Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs. Such procedures shall not be used to circumvent the appeals processes established for those programs.

406. Independent Audits of the NERC Compliance Monitoring and Enforcement Program

NERC shall provide for an independent audit of its Compliance Monitoring and Enforcement Program at least once every three years, or more frequently as determined by the Board. The audit shall be conducted by independent expert auditors as selected by the Board. The independent audit shall meet the following minimum requirements and any other requirements established by the NERC Board.

1. **Effectiveness** — The audit shall evaluate the success and effectiveness of the NERC Compliance Monitoring and Enforcement Program in achieving its mission.
2. **Relationship** — The audit shall evaluate the relationship between NERC and the Regional Entity Compliance Monitoring and Enforcement Programs and the effectiveness of the programs in ensuring reliability.
3. **Final Report Posting** — The final report shall be posted by NERC for public viewing in accordance with **Appendix 4C**.
4. **Response to Recommendations** — If the audit report includes recommendations to improve the NERC Compliance Monitoring and Enforcement Program, the administrators of the NERC Compliance Monitoring and Enforcement Program shall provide a written response and plan to the Board within 30 days of the release of the final audit report.

407. Penalties, Sanctions, and Remedial Action Directives

1. **NERC Review of Regional Entity Penalties and Sanctions** — NERC shall review all Penalties, sanctions, and Remedial Action Directives imposed by each Regional Entity for violations of Reliability Standards, including Penalties, sanctions and Remedial Action Directives that are specified by a Regional Entity Hearing Body final decision issued pursuant to Attachment 2 to **Appendix 4C**, to determine if the Regional Entity's determination is supported by a sufficient record compiled by the Regional Entity, is consistent with the *Sanction Guidelines* incorporated into these Rules of Procedure as **Appendix 4B** and with other directives, guidance and directions issued by NERC pursuant to the delegation agreement, and is consistent with Penalties, sanctions and Remedial Action Directives imposed by the Regional Entity and by other Regional Entities for violations involving the same or similar facts and circumstances.
2. **Developing Penalties and Sanctions** — The Regional Entity Compliance Staff shall use the *Sanction Guidelines*, which are incorporated into these Rules of Procedure as **Appendix 4B**, to develop an appropriate Penalty, sanction, or Remedial Action Directive for a violation, and shall notify NERC of the Penalty, sanction or Remedial Action Directive.
3. **Effective Date of Penalty** — Where authorized by applicable legislation or agreement, no Penalty imposed for a violation of a Reliability Standard shall take effect until the thirty-first day after NERC files, with the Applicable

Governmental Authority, a “Notice of Penalty” and the record of the proceedings in which the violation and Penalty were determined, or such other date as ordered by the Applicable Governmental Authority.

408. Review of NERC Decisions

1. **Scope of Review** — A Registered Entity or a Regional Entity wishing to challenge a finding of noncompliance and the imposition of a Penalty for a compliance measure directly administered by NERC, or a Regional Entity wishing to challenge a Regional Entity Compliance Monitoring and Enforcement Program audit finding, may do so by filing a notice of the challenge with NERC’s director of enforcement no later than 21 days after issuance of the notice of finding of violation or audit finding. Appeals by Registered Entities or Regional Entities of decisions of Regional Entity Hearing Bodies shall be pursuant to Section 409.
2. **Contents of Notice** — The notice of challenge shall include the full text of the decision that is being challenged, a concise statement of the error or errors contained in the decision, a clear statement of the relief being sought, and argument in sufficient detail to justify such relief.
3. **Response by NERC Compliance Monitoring and Enforcement Program** — Within 21 days after receiving a copy of the notice of challenge, the NERC director of enforcement may file with the Hearing Panel a response to the issues raised in the notice, with a copy to the Regional Entity.
4. **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.
5. **Appeal** — The Regional Entity or Registered Entity may appeal the decision of the Compliance and Certification Committee by filing a notice of appeal with NERC’s director of enforcement no later than 21 days after issuance of the written decision by the Compliance and Certification Committee. The notice of appeal shall include the full text of the written decision of the Compliance and Certification Committee that is being appealed, a concise statement of the error or errors contained in the decision, a clear statement of the relief being sought, and argument in sufficient detail to justify such relief. No factual material shall be presented in the appeal that was not presented to the Compliance and Certification Committee.
6. **Response by NERC Compliance Monitoring and Enforcement Program** — Within 21 days after receiving a copy of the notice of appeal, the NERC Compliance Monitoring and Enforcement Program staff may file its response to the issues raised in the notice of appeal, with a copy to the entity filing the notice.

7. **Reply** — The entity filing the appeal may file a reply within 7 days.
8. **Decision** — The Compliance Committee of the NERC Board of Trustees shall decide the appeal, in writing, based upon the notice of appeal, the record, the response, and any reply. At its discretion, the Compliance Committee may invite representatives of the Regional Entity or Registered Entity, and the NERC Compliance Monitoring and Enforcement Program to appear before the Compliance Committee. Decisions of the Compliance Committee shall be final, except for further appeal to the Applicable Governmental Authority.
9. **Impartiality** — No member of the Compliance and Certification Committee or the Board of Trustees Compliance Committee having an actual or perceived conflict of interest in the matter may participate in any aspect of the challenge or appeal except as a party or witness.
10. **Expenses** — Each party in the challenge and appeals processes shall pay its own expenses for each step in the process.
11. **Non-Public Proceedings** — All challenges and appeals shall be closed to the public to protect Confidential Information.

409. Appeals from Final Decisions of Regional Entity Hearing Bodies

1. **Time for Appeal** — A Regional Entity acting as the Compliance Enforcement Authority, or an owner, operator or user of the Bulk Power System, shall be entitled to appeal from a final decision of a Regional Entity Hearing Body concerning an Alleged Violation of a Reliability Standard, a proposed Penalty or sanction for violation of a Reliability Standard, a proposed Mitigation Plan, or a proposed Remedial Action Directive, by filing a notice of appeal with NERC's director of enforcement, with copies to the Regional Entity and any other Participants in the Regional Entity Hearing Body proceeding, no later than 21 days after issuance of the final decision of the Regional Entity Hearing Body.
2. **Contents** — The notice of appeal shall include the full text of the final decision of the Regional Entity Hearing Body that is being appealed, a concise statement of the error or errors contained in the final decision, a clear statement of the relief being sought, and argument in sufficient detail to justify such relief. No factual material shall be presented in the appeal that was not first presented during the proceeding before the Regional Entity Hearing Body.
3. **Response to Notice of Appeal** — Within 21 days after the date the notice of appeal is filed, the Regional Entity shall file the entire record of the Regional Entity Hearing Body proceeding with NERC's director of enforcement, with a copy to the Participant filing the notice. Within 35 days after the date of the notice of appeal, all Participants in the proceeding before the Regional Entity Hearing Body, other than the Participant filing the notice of appeal, shall file their responses to the issues raised in the notice of appeal.

4. **Reply** — The Registered Entity filing the appeal may file a reply to the responses within 7 days.
5. **Decision** — The Compliance Committee of the NERC Board of Trustees shall decide the appeal, in writing, based upon the notice of appeal, the record of the proceeding before the Regional Entity Hearing Body, the responses, and any reply filed with NERC. At its discretion, the Compliance Committee may invite representatives of the entity making the appeal and the other Participants in the proceeding before the Regional Entity Hearing Body to appear before the Committee. Decisions of the Compliance Committee shall be final, except for further appeal to the Applicable Governmental Authority.
6. **Expenses** — Each party in the appeals process shall pay its own expenses for each step in the process.
7. **Non-Public Proceedings** — All appeals shall be closed to the public to protect Confidential Information.
8. **Appeal of Hearing Body Decisions Granting or Denying Motions to Intervene** — This section is not applicable to an appeal of a decision of a Regional Entity Hearing Body granting or denying a motion to intervene in the Regional Entity Hearing Body proceeding. Appeals of decisions of Regional Entity Hearing Bodies granting or denying motions to intervene in Regional Entity Hearing Body proceedings shall be processed and decided pursuant to Section 414.

410. Hold Harmless

A condition of invoking the challenge or appeals processes under Section 408 or 409 is that the entity requesting the challenge or appeal agrees that neither NERC (defined to include its Members, Board of Trustees, committees, subcommittees, staff and industry subject matter experts), any person assisting in the challenge or appeals processes, nor any company employing a person assisting in the challenge or appeals processes, shall be liable, and they shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the challenge or appeals proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.

411. Requests for Technical Feasibility Exceptions to NERC Critical Infrastructure Protection Reliability Standards

A Registered Entity that is subject to an Applicable Requirement of a NERC Critical Infrastructure Protection Standard for which Technical Feasibility Exceptions are permitted, may request a Technical Feasibility Exception to the Requirement, and the request will be reviewed, approved or disapproved, and if approved, implemented, in accordance with the *NERC Procedure for Requesting and Receiving Technical Feasibility Exceptions to NERC Critical Infrastructure Protection Standard*, Appendix 4D to these Rules of Procedure.

412. Certification of Questions from Regional Entity Hearing Bodies for Decision by the NERC Board of Trustees Compliance Committee

1. A Regional Entity Hearing Body that is conducting a hearing concerning a disputed compliance matter pursuant to Attachment 2, Hearing Procedures, of Appendix 4C, may certify to the Board of Trustees, for decision, a significant question of law, policy or procedure the resolution of which may be determinative of the issues in the hearing in whole or in part, and as to which there are other extraordinary circumstances that make prompt consideration of the question by the Compliance Committee appropriate, in accordance with Section 1.5.12 of the Hearing Procedures. All questions certified by a Regional Entity Hearing Body to the Board of Trustees shall be considered and disposed of by the Compliance Committee.
2. The Compliance Committee may accept or reject a certification of a question for decision. If the Compliance Committee rejects the certified question, it shall issue a written statement that the certification is rejected.
3. If the Compliance Committee accepts the certification of a question for decision, it shall establish a schedule by which the Participants in the hearing before the Regional Entity Hearing Body may file memoranda and reply memoranda stating their positions as to how the question certified for decision should be decided by the Compliance Committee. The Compliance Committee may also request, or provide an opportunity for, the NERC compliance operations department, the NERC compliance enforcement department, and/or the NERC general counsel to file memoranda stating their positions as to how the question certified for decision should be decided. After receiving such memoranda and reply memoranda as are filed in accordance with the schedule, the Compliance Committee shall issue a written decision on the certified question.
4. Upon receiving the Compliance Committee's written decision on the certified question, the Regional Entity Hearing Body shall proceed to complete the hearing in accordance with the Compliance Committee's decision.
5. The Compliance Committee's decision, if any, on the certified question shall only be applicable to the hearing from which the question was certified and to the Participants in that hearing.

413. Review and Processing of Regional Entity Hearing Body Final Decisions that Are Not Appealed

NERC shall review and process all final decisions of Regional Entity Hearing Bodies issued pursuant to Attachment 2 to Appendix 4C concerning an Alleged Violation, proposed Penalty or sanction, or proposed Mitigation Plan that are not appealed pursuant to Section 409, as though the determination had been made by the Regional Entity Compliance Monitoring and Enforcement Program. NERC shall review and process such final decisions, and may require that they be modified by the Regional Entity, in

accordance with, as applicable to the particular decision, Sections 5.8, 5.9 and 6.5 of Appendix 4C.

414. Appeals of Decisions of Regional Entity Hearing Bodies Granting or Denying Motions to Intervene in Regional Entity Hearing Body Proceedings

1. **Time to Appeal** — An entity may appeal a decision of a Regional Entity Hearing Body under Section 1.4.4 of Attachment 2 of **Appendix C** denying the entity's motion to intervene in a Regional Entity Hearing Body proceeding, and the Regional Entity Compliance Staff or any other Participant in the Regional Entity Hearing Body proceeding may appeal a decision of the Regional Entity Hearing Body under Section 1.4.4 of Attachment 2 of **Appendix C** granting or denying a motion to intervene in the Regional Entity Hearing Body proceeding, in either case by filing a notice of appeal with the NERC director of enforcement, with copies to the Regional Entity Clerk, the Regional Entity Hearing body, the Hearing Officer, the Regional Entity Compliance Staff, and all other Participants in the Regional Entity Hearing Body proceeding, no later than seven (7) days following the date of the Regional Entity Hearing Body decision granting or denying the motion to intervene.
2. **Contents of Notice of Appeal** — The notice of appeal shall set forth information and argument to demonstrate that the decision of the Regional Entity Hearing Body granting or denying the motion to intervene was erroneous under the grounds for intervention specified in Section 1.4.4 of Attachment 2 of **Appendix 4C** and that the entity requesting intervention should be granted or denied intervention, as applicable. Facts alleged in, and any offers of proof made in, the notice of appeal shall be supported by affidavit or verification. The notice of appeal shall include a copy of the original motion to intervene and a copy of the decision of the Regional Entity Hearing Body granting or denying the motion to intervene.
3. **Responses to Notice of Appeal** — Within ten (10) days following the date the notice of appeal is filed, the Regional Entity Clerk shall transmit to the NERC director of enforcement copies of all pleadings filed in the Regional Entity Hearing Body proceeding on the motion to intervene. Within fourteen (14) days following the date the notice of appeal is filed, the Regional Entity Hearing Body, the Regional Entity Compliance Staff, and any other Participants in the Regional Entity Hearing Body proceeding, may each file a response to the notice of appeal with the NERC director of enforcement. Within seven (7) days following the last day for filing responses, the entity filing the notice of appeal, and any Participant in the Regional Entity Hearing Body proceeding that supports the appeal, may file replies to the responses with the NERC director of enforcement.
4. **Disposition of Appeal** — The appeal shall be considered and decided by the Compliance Committee. The NERC director of enforcement shall provide copies of the notice of appeal and any responses and replies to the Compliance Committee. The Compliance Committee shall issue a written decision on the

appeal; provided, that if the Compliance Committee does not issue a written decision on the appeal within forty-five (45) days following the date of filing the notice of appeal, the appeal shall be deemed denied and the decision of the Regional Entity Hearing Body granting or denying the motion to intervene shall stand. The NERC director of enforcement shall transmit copies of the Compliance Committee's decision, or shall provide notice that the forty-five (45) day period has expired with no decision by the Compliance Committee, to the Regional Entity Clerk, the Regional Entity Hearing Body, the entity filing the notice of appeal, the Regional Entity Compliance Staff, and any other Participants in the Regional Entity Hearing Body proceeding that filed responses to the notice of appeal or replies to responses.

5. **Appeal of Compliance Committee Decision to FERC or Other Applicable Governmental Authority** — Any entity aggrieved by the decision of the Compliance Committee on an appeal of a Regional Entity Hearing Body decision granting or denying a motion to intervene in a Regional Entity Hearing Body proceeding (including a denial of such appeal by the expiration of the forty-five (45) day period as provided in Section 414.4) may appeal or petition for review of the decision of the Compliance Committee to FERC or to another Applicable Governmental Authority having jurisdiction over the matter, in accordance with the authorities, rules and procedures of FERC or such other Applicable Governmental Authority. Any such appeal or petition for review shall be filed within the time period, if any, and in the form and manner, specified by the applicable statutes, rules or regulations governing proceedings before FERC or the other Applicable Governmental Authority.

SECTION 500 — ORGANIZATION REGISTRATION AND CERTIFICATION

501. Scope of the Organization Registration and Organization Certification Programs

The purpose of the Organization Registration Program is to clearly identify those entities that are responsible for compliance with the FERC approved Reliability Standards. Organizations that are registered are included on the NERC Compliance Registry (NCR) and are responsible for knowing the content of and for complying with all applicable Reliability Standards. Registered Entities are not and do not become Members of NERC or a Regional Entity, by virtue of being listed on the NCR. Membership in NERC is governed by Article II of NERC's Bylaws; membership in a Regional Entity or regional reliability organization is governed by that entity's bylaws or rules.

The purpose of the Organization Certification Program is to ensure that the new entity (i.e., applicant to be an RC, BA, or TOP that is not already performing the function for which it is applying to be certified as) has the tools, processes, training, and procedures to demonstrate their ability to meet the Requirements/sub-Requirements of all of the Reliability Standards applicable to the function(s) for which it is applying thereby demonstrating the ability to become certified and then operational.

Organization Registration and Organization Certification may be delegated to Regional Entities in accordance with the procedures in this Section 500; the NERC *Organization Registration and Organization Certification Manual*, which is incorporated into these Rules of Procedure as **Appendix 5A**; and, approved Regional Entity delegation agreements or other applicable agreements.

1. **NERC Compliance Registry** — NERC shall establish and maintain the NCR of the Bulk Power System owners, operators, and users that are subject to approved Reliability Standards.
 - 1.1 (a) The NCR shall set forth the identity and functions performed for each organization responsible for meeting Requirements/sub-Requirements of the Reliability Standards. Bulk Power System owners, operators, and users (i) shall provide to NERC and the applicable Regional Entity information necessary to complete the Registration, and (ii) shall 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.
 - (b) A generation or transmission cooperative, a joint-action agency or another organization may register as a Joint Registration Organization (JRO), in lieu of each of the JRO's members or related entities being registered individually for one or more functions. Refer to Section 507.

(c) Multiple entities may each register using a Coordinated Functional Registration (CFR) for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function pursuant to a written agreement for the division of compliance responsibility. Refer to Section 508.

- 1.2 In the development of the NCR, NERC and the Regional Entities shall determine 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 of Procedure as **Appendix 5B**.
- 1.3 NERC and the Regional Entities shall use the following rules for establishing and maintaining the NCR based on the Registration criteria as set forth in **Appendix 5B** *Statement of Compliance Registry Criteria*:
 - 1.3.1 NERC shall notify each organization that it is on the NCR. The Registered Entity is responsible for compliance with all the Reliability Standards applicable to the functions for which it is registered from the time it receives the Registration notification from NERC.
 - 1.3.2 Any organization receiving such a notice may challenge its placement on the NCR according to the process in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Section V.
 - 1.3.3 The Compliance Committee of the Board of Trustees shall promptly issue a written decision on the challenge, including the reasons for the decision.
 - 1.3.4 The decision of the Compliance Committee of the Board of Trustees shall be final unless, within 21 days of the date of the Compliance Committee of the Board of Trustees decision, the organization appeals the decision to the Applicable Governmental Authority.
 - 1.3.5 Each Registered Entity identified on the NCR shall notify its corresponding Regional Entity(s) of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the Registered Entity's responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards applicable to its associated Registration.

- 1.4 For all geographical or electrical areas of the Bulk Power System, the Registration process shall ensure that (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the Reliability Standards to the fullest extent practical, and (2) there is no unnecessary duplication of such coverage or of required oversight of such coverage. In particular the process shall:
 - 1.4.1 Ensure that all areas are under the oversight of one and only one Reliability Coordinator.
 - 1.4.2 Ensure that all Balancing Authorities and Transmission Operator entities² are under the responsibility of one and only one Reliability Coordinator.
 - 1.4.3 Ensure that all transmission Facilities of the Bulk Power System are the responsibility and under the control of one and only one Transmission Planner, Planning Authority, and Transmission Operator.
 - 1.4.4 Ensure that all Loads and generators are under the responsibility and control of one and only one Balancing Authority.
 - 1.5 NERC shall maintain the NCR of organizations responsible for meeting the Requirements/sub-Requirements of the Reliability Standards currently in effect on its website and shall update the NCR monthly.
 - 1.6 With respect to: (i) entities to be registered for the first time; (ii) currently-registered entities or (iii) previously-registered entities, for which registration status changes are sought, including availability and composition of a sub-set list of applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements), the registration process steps in Section III of **Appendix 5A** apply.
 - 1.7 NERC shall establish a NERC-led, centralized review panel, comprised of a NERC lead with Regional Entity participants, in accordance with **Appendix 5A**, *Organization Registration and Organization Certification Manual*, Section III.D and **Appendix 5B**, *Statement of Compliance Registry Criteria*.
2. **Entity Certification** — NERC shall provide for Certification of all entities with primary reliability responsibilities requiring Certification. This includes those

² Some organizations perform the listed functions (e.g., Balancing Authority, Transmission Operator) over areas that transcend the Footprints of more than one Reliability Coordinator. Such organizations will have multiple Registrations, with each such Registration corresponding to that portion of the organization's overall area that is within the Footprint of a particular Reliability Coordinator.

entities that satisfy the criteria established in the NERC provisional Certification process. The NERC programs shall:

- 2.1 Evaluate and certify the competency of entities performing reliability functions. The entities presently expected to be certified include Reliability Coordinators, Transmission Operators, and Balancing Authorities.
- 2.2 Evaluate and certify each applicant's ability to meet the requirements for Certification.
- 2.3 Maintain process documentation.
- 2.4 Maintain records of currently certified entities.
- 2.5 Issue a Certification document to the applicant that successfully demonstrates its competency to perform the evaluated functions.

3. Delegation and Oversight

- 3.1 NERC may delegate responsibilities for Organization Registration and Organization Certification to Regional Entities in accordance with requirements established by NERC. Delegation will be via the delegation agreement between NERC and the Regional Entity or other applicable agreement. The Regional Entity shall administer Organization Registration and Organization Certification Programs in accordance with such delegations to meet NERC's programs goals and requirements subject to NERC oversight.
- 3.2 NERC shall develop and maintain a plan to ensure the continuity of Organization Registration and Organization Certification within the geographic or electrical boundaries of a Regional Entity in the event that no entity is functioning as a Regional Entity for that Region, or the Regional Entity withdraws as a Regional Entity, or does not operate its Organization Registration and Organization Certification Programs in accordance with delegation agreements.
- 3.3 NERC shall develop and maintain a program to monitor and oversee the NERC Organization Registration and Organization Certification Programs activities that are delegated to each Regional Entity through a delegation agreement or other applicable agreement.
 - 3.3.1 This program shall monitor whether the Regional Entity carries out those delegated activities in accordance with NERC requirements, and whether there is consistency, fairness of administration, and comparability.

- 3.3.2 Monitoring and oversight shall be accomplished through direct participation in the Organization Registration and Organization Certification Programs with periodic reviews of documents and records of both programs.

502. Organization Registration and Organization Certification Program Requirements

1. NERC shall maintain the Organization Registration and Organization Certification Programs.
 - 1.1 The roles and authority of Regional Entities in the programs are delegated from NERC pursuant to the Rules of Procedure through regional delegation agreements or other applicable agreements.
 - 1.2 Processes for the programs shall be administered by NERC and the Regional Entities. Materials that each Regional Entity uses are subject to review and approval by NERC.
 - 1.3 The appeals process for the Organization Registration and Organization Certification Programs are identified in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Sections V and VI, respectively.
 - 1.4 The Certification Team membership is identified in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Section IV.8.d.
2. To ensure consistency and fairness of the Organization Registration and Organization Certification Programs, NERC shall develop procedures to be used by all Regional Entities and NERC in accordance with the following criteria:
 - 2.1 NERC and the Regional Entities shall have data management processes and procedures that provide for confidentiality, integrity, and retention of data and information collected.
 - 2.2 Documentation used to substantiate the conclusions of the Regional Entity/ NERC related to Registration and/or Certification must be retained by the Regional Entity for (6) six years, unless a different retention period is otherwise identified, for the purposes of future audits of these programs.
 - 2.3 To maintain the integrity of the NERC Organization Registration and Organization Certification Programs, NERC, Regional Entities, Certification Team members, program audit team members (Section 506), and committee members shall maintain the confidentiality of information provided by an applicant or entities.
 - 2.2.1 NERC and the Regional Entities shall have appropriate codes of conduct and confidentiality agreements for staff, Certification

Team, Certification related committees, and Certification program audit team members.

- 2.2.2 NERC, Regional Entities, Certification Team members, program audit team members and committee members shall maintain the confidentiality of any Registration or Certification-related discussions or documents designated as confidential (see Section 1500 for types of Confidential Information).
 - 2.2.3 NERC, Regional Entities, Certification Team members, program audit team members and committee members shall treat as confidential the individual comments expressed during evaluations, program audits and report-drafting sessions.
 - 2.2.4 Copies of notes, draft reports, and other interim documents developed or used during an entity Certification evaluation or program audit shall be destroyed after the public posting of a final, uncontested report.
 - 2.2.5 Information deemed by an applicant, entity, a Regional Entity, or NERC as confidential, including Critical Energy Infrastructure Information, shall not be released publicly or distributed outside of a committee or team.
 - 2.2.6 In the event that an individual violates any of the confidentiality rules set forth above, that individual and any member organization with which the individual is associated will be subject to immediate dismissal from the audit team and may be prohibited from future participation in Compliance Monitoring and Enforcement Program activities by the Regional Entity or NERC.
 - 2.2.7 NERC shall develop and provide training in auditing skills to all individuals prior to their participation in Certification evaluations. Training for Certification Team leaders shall be more comprehensive than the training given to industry subject matter experts and Regional Entity members. Training for Regional Entity members may be delegated to the Regional Entity.
- 2.4 An applicant that is determined to be competent to perform a function after completing all Certification requirements shall be deemed certified by NERC to perform that function for which it has demonstrated full competency.
- 2.4.1 All NERC certified entities shall be included on the NCR.

503. Regional Entity Implementation of Organization Registration and Organization Certification Program Requirements

1. **Delegation** — Recognizing the Regional Entity’s knowledge of and experience with their members, NERC may delegate responsibility for Organization Registration and Organization Certification to the Regional Entity through a delegation agreement.
2. **Registration** — The following Organization Registration activities shall be managed by the Regional Entity per the NERC *Organization Registration and Organization Certification Manual*, which is incorporated into the Rules of Procedure as Appendix 5A *Organization Registration and Organization Certification Manual*:
 - 2.1 Regional Entities shall verify that all Reliability Coordinators, Balancing Authorities, and Transmission Operators meet the Registration requirements of Section 501(1.4).
3. **Certification** — The following Organization Certification activities shall be managed by the Regional Entity in accordance with an approved delegation agreement or another applicable agreement:
 - 3.1 An entity seeking Certification to perform one of the functions requiring Certification shall contact the Regional Entity for the Region(s) in which it plans to operate to apply for Certification.
 - 3.2 An entity seeking Certification and other affected entities shall provide all information and data requested by NERC or the Regional Entity to conduct the Certification process.
 - 3.3 Regional Entities shall notify NERC of all Certification applicants.
 - 3.4 NERC and/or the Regional Entity shall evaluate the competency of entities requiring Certification to meet the NERC Certification requirements.
 - 3.5 NERC or the Regional Entity shall establish Certification procedures to include evaluation processes, schedules and deadlines, expectations of the applicants and all entities participating in the evaluation and Certification processes, and requirements for Certification Team members.
 - 3.5.1 The NERC / Regional Entity Certification procedures will include provisions for on-site visits to the applicant’s facilities to review the data collected through questionnaires, interviewing the operations and management personnel, inspecting the facilities and equipment (including requesting a demonstration of all tools identified in the Certification process), reviewing all necessary documents and data (including all agreements, processes, and procedures identified in the Certification process), reviewing Certification documents and projected system operator work schedules, and reviewing any additional documentation needed to

support the completed questionnaire or inquiries arising during the site visit.

- 3.5.2 The NERC/ Regional Entity Certification procedures will provide for preparation of a written report by the Certification Team, detailing any deficiencies that must be resolved prior to granting Certification, along with any other recommendations for consideration by the applicant, the Regional Entity, or NERC.

504. Appeals

1. NERC shall maintain an appeals process to resolve any disputes related to Registration or Certification activities per the *Organization Registration and Organization Certification Manual*, which is incorporated in these Rules of Procedure as Appendix 5A.
2. The Regional Entity Certification appeals process shall culminate with the Regional Entity board or a committee established by and reporting to the Regional Entity board as the final adjudicator, provided that where applicable, Canadian provincial governmental authorities may act as the final adjudicator in their jurisdictions. NERC shall be notified of all appeals and may observe any proceedings (**Appendix 5A** *Organization Registration and Organization Certification Manual*).

505. Program Maintenance

NERC shall maintain its program materials, including such manuals or other documents as it deems necessary, of the governing policies and procedures of the Organization Registration and Organization Certification Programs.

506. Independent Audit of NERC Organization Registration and Organization Certification Program

1. NERC, through the Compliance and Certification Committee, shall provide for an independent audit of its Organization Registration and Organization Certification Programs at least once every three years, or more frequently, as determined by the Board. The audit shall be conducted by independent expert auditors as selected by the Board.
2. The audit shall evaluate the success, effectiveness and consistency of the NERC Organization Registration and Organization Certification Programs.
3. The final report shall be posted by NERC for public viewing.
4. If the audit report includes recommendations to improve the program, the administrators of the program shall provide a written response to the Board within 30 days of the final report, detailing the disposition of each and every

recommendation, including an explanation of the reasons for rejecting a recommendation and an implementation plan for the recommendations accepted.

507. Provisions Relating to Joint Registration Organizations (JRO)

1. In addition to registering as the entity responsible for all functions that it performs itself, an entity may register as a JRO on behalf of one or more of its members or related entities for one or more functions for which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for that function or those functions including all reporting requirements. Any entity seeking to register as a JRO must submit a written agreement with its members or related entities for all Requirements/sub-Requirements for the function(s) for which the entity is registering for and takes responsibility for, which would otherwise be the responsibility of one or more of its members or related entities. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the JRO Registration.
2. The JRO Registration data must include the same Registration information as a normal compliance Registration entry. The JRO is responsible for providing all of the information and data, including submitting reports, as needed by the Regional Entity for performing assessments of compliance.
3. The Regional Entity shall notify NERC of each JRO that the Regional Entity accepts. The notification will identify the point of contact and the function(s) being registered for on behalf of its members or related entities.
4. For purposes of Compliance Audits, the Regional Entity shall keep a list of all JROs. This document shall contain a list of each JRO's members or related entities and the function(s) for which the JRO is registered for that member(s) or related entity(s). It is the responsibility of the JRO to provide the Regional Entity with this information as well as the applicable JRO agreement(s).
5. The Regional Entity may request clarification of any list submitted to it that identifies the members of the JRO and may request such additional information as the Regional Entity deems appropriate.
6. The Regional Entity's acceptance of a JRO shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded the JRO will meet the Registration requirements of Section 501(1.4).
7. NERC shall maintain, and post on its website, a JRO registry listing all JRO Registrations that have been reviewed and accepted by the Regional Entity. The posting shall identify the JRO entity taking compliance responsibilities for itself and its members.

8. The JRO shall inform the Regional Entity of any changes to an existing JRO. The Regional Entity shall promptly notify NERC of each such revision.
9. Nothing in Section 507 shall preclude a member of a JRO, a related entity, or any other entity from registering on its own behalf and undertaking full compliance responsibility including reporting Requirements for the Reliability Standards applicable to the function(s) for which the member or other entity is registering. A JRO member or related entity that registers as responsible for any Reliability Standard or Requirement/sub-Requirement of a Reliability Standard shall inform the JRO of its Registration.

508. Provisions Relating to Coordinated Functional Registration (CFR) Entities

1. In addition to registering as an entity responsible for all functions that it performs itself, multiple entities may each register using a CFR for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function. The CFR submission must include a written agreement that governs itself and clearly specifies the entities' respective compliance responsibilities. The Registration of the CFR is the complete Registration for each entity. Additionally, each entity shall take full compliance responsibility for those Reliability Standards and/or Requirements/sub-Requirements it has registered for in the CFR. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the CFR.
2. Each CFR or each individual entity within a CFR must identify a point of contact that is responsible for providing information and data, including submitting reports as needed by the Regional Entity related to the CFR Registration.
3. The Regional Entity shall notify NERC of each CFR that the Regional Entity accepts.
4. NERC or the Regional Entity may request clarification of any list submitted to it that identifies the compliance responsibilities of the CFR and may request such additional information as NERC or the Regional Entity deems appropriate.
5. The Regional Entity's acceptance of that CFR shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded the CFR will meet the Registration requirements of Section 501(1.4).
6. NERC shall maintain, and post on its website, a CFR registry listing all CFR Registrations that have been accepted by NERC or by a Regional Entity. The posting shall clearly list all the Reliability Standards or Requirements/sub-Requirements thereof for which each entity of the CFR is responsible for under the CFR.

7. The point of contact shall inform the Regional Entity of any changes to an existing CFR. The Regional Entity shall promptly notify NERC of each such revision.
8. In the event of a violation of a Reliability Standard or of a Requirement/sub-Requirement of a Reliability Standard for which an entity of a CFR is registered, that entity shall be identified in the Notice of Alleged Violation and shall be assessed the sanction or Penalty in accordance with the NERC Sanctions Guidelines. In the event a Regional Entity is not able to determine which entity(ies) is responsible for a particular Reliability Standard, or Requirements/sub-Requirements thereof that has been violated, the Regional Entity shall investigate the noncompliance in accordance with the NERC Rules of Procedure Section 400, *Compliance Enforcement*, to determine the entity(ies) to which the Regional Entity shall to issue the sanction or Penalty for the violation.
9. Nothing in Section 508 shall preclude an entity registered in a CFR, or any other entity from registering on its own behalf and undertaking full compliance responsibility including reporting Requirements for the Reliability Standards applicable to the function(s) for which the entity is registering. An entity registered in a CFR that registers as responsible for any Reliability Standard or Requirement/sub-Requirement of a Reliability Standard shall inform the point of contact of its Registration.

509. Exceptions to the Definition of the Bulk Electric System

An Element is considered to be (or not be) part of the Bulk Electric System by applying the BES Definition to the Element (including the inclusions and exclusions set forth therein). Appendix 5C sets forth the procedures by which (i) an entity may request a determination that an Element that falls within the definition of the Bulk Electric System should be exempted from being considered a part of the Bulk Electric System, or (ii) an entity may request that an Element that falls outside of the definition of the Bulk Electric System should be considered part of the Bulk Electric System.

SECTION 600 — PERSONNEL CERTIFICATION

601. Scope of Personnel Certification

Maintaining the reliability of the Bulk Electric System through implementation of the Reliability Standards requires skilled, trained and qualified system operators. The Personnel Certification Program provides the mechanism to ensure system operators are provided the education and training necessary to obtain the essential knowledge and skills and are therefore qualified to operate the Bulk Electric System. The Personnel Certification awards system operator Certification Credentials to individuals who demonstrate that they have attained essential knowledge relating to NERC Reliability Standards as well as principles of Bulk Power System operations. NERC, as the ERO, will ensure skilled, trained, and qualified system operators through the Personnel Certification Program.

Except as necessary to obtain approval of the Rules of Procedure, the NERC Personnel Certification Governance Committee (PCGC) is the governing body that establishes the policies, sets fees, and monitors the performance of the Personnel Certification Program for system operators.

602. Structure of ERO Personnel Certification Program

1. The NERC Personnel Certification Program shall be international in scope.
2. The PCGC shall (1) be able to independently exercise decision-making for all matters pertaining to Certification, (2) include individuals from the discipline being certified and whose composition addresses the needs of the users of the program (e.g., employers, regulators, etc.), and (3) have representation for each specialty or level within a discipline.
3. NERC shall maintain a nominating process for membership in the governing body. Nominations shall be open to all interested parties and self-nominations shall be accepted. The NERC Board of Trustees shall appoint members to the governing body from among those nominated. The members of the governing body shall serve at the pleasure of the Board.
4. The PCGC shall have control over the matters related to the Personnel Certification and re-Certification Programs listed below, without being subject to approval by any other body.
 - 4.1 Policies and procedures, including eligibility requirements and application processing.
 - 4.2 Requirements for personnel Certification, maintaining Certification, and re-Certification.
 - 4.3 Examination content, development, and administration.
 - 4.4 Examination cut score.

- 4.5 Grievance and disciplinary processes.
 - 4.6 Governing body and subgroup(s)' meeting rules including agenda, frequency, and related procedures.
 - 4.7 Subgroup(s) appointments and work assignments.
 - 4.8 Publications about personnel Certification and re-Certification.
 - 4.9 Setting fees for application, and all other services provided as a part of the personnel Certification and re-Certification activities.
 - 4.10 Program funding, spending, and budget authority. Financial matters related to the operation of the program shall be segregated from other NERC activities.
5. The Personnel Certification Program shall utilize written procedures for the selection of members of the governing body that prohibit the governing body from selecting a majority of its successors.
 6. The Personnel Certification Program shall be separate from the accreditation and education functions of NERC in related disciplines.
 7. No member of the PCGC or staff member working with the Personnel Certification Program governing body shall have or exercise any authority or responsibility for compliance matters related to Reliability Standards concerning personnel Certification.

603. Examination and Maintenance of NERC System Operator Certification Credentials

1. System operators seeking to obtain a Credential must pass an examination to earn the Credential.
2. A certificate will be issued to successful candidates which is valid for three years.
3. A system operator must earn Continuing Education Hours (CE Hours) in NERC-Approved Learning Activities within the three-year period preceding the expiration date of his/her certificate as determined by the PCGC and posted in the NERC System Operator Program Manual. A system operator must request a renewal and submit the appropriate fee for Certification renewal evaluation.
4. The Credential of a certified system operator who does not accumulate the required number and balance of CE Hours within the three-year period will be Suspended. A system operator with a Suspended certificate cannot perform any task that requires an operator to be NERC-certified. The system operator with a Suspended Credential will have up to twelve months to acquire the necessary CE Hours.

- 4.1 During the time of suspension, the original anniversary date will be maintained. Therefore, should the system operator accumulate the required number of CE Hours within the twelve month suspension period, he/she will be issued a certificate that will be valid for three years from the previous expiration date.
- 4.2 At the end of the twelve-month suspension period, if the system operator has not accumulated the required number of CE Hours, the Credential will be Revoked and all CE Hours earned will be forfeited. After a Credential is Revoked, the system operator will be required to pass an examination to become certified.
5. **Hardship:** Due to unforeseen events and extenuating circumstances, a certified system operator may be unable to accumulate the necessary CE Hours in the time frame required by the Personnel Certification Program to maintain the Credential. In such an event, the individual must submit a written request containing a thorough explanation of the circumstances and supporting information to the NERC Personnel Certification Manager. The PCGC retains the right to invoke this hardship clause as it deems appropriate to address such events or circumstances.

604. Dispute Resolution Process

1. Any dispute arising under the NERC agreement establishing the *NERC Personnel Certification Program* or from the establishment of any NERC rules, policies, or procedures dealing with any segment of the Certification process shall be subject to the NERC System Operator Certification Dispute Resolution Process. The Dispute Resolution Process is for the use of persons who hold an operator Certification or persons wishing to be certified to dispute the validity of the examination, the content of the test, the content outlines, or the Registration process.
2. Dispute Resolution Process consists of three steps.
 - 2.1. **Notify NERC Personnel Certification Program Staff:** This first step can usually resolve the issues without further actions. It is expected that most disputes will be resolved at this step. If the issue(s) is not resolved to the satisfaction of the parties involved in the first step, the issue can be brought to the PCGC Dispute Resolution Task Force.
 - 2.2. **PCGC Dispute Resolution Task Force:** If the NERC staff did not resolve the issue(s) to the satisfaction of the parties involved, a written request must be submitted to the chairman of the PCGC through NERC staff explaining the issue(s) and requesting further action. Upon receipt of the letter, the PCGC chairman will present the request to the PCGC Dispute Resolution Task Force for action. This task force consists of three current members of the PCGC. The PCGC Dispute Resolution Task Force will

investigate and consider the issue(s) presented and make a decision. This decision will then be communicated to the submitting party, the PCGC chairman, and the NERC staff within 45 calendar days of receipt of the request.

3. Personnel Certification Governance Committee: If the PCGC Dispute Resolution Task Force's decision did not resolve the issue(s) to the satisfaction of the parties involved, the final step in the process is for the issue(s) to be brought before the PCGC. Within 45 days of the date of the Task Force's decision, the disputing party shall submit a written request to the PCGC chairman through NERC staff requesting that the issue(s) be brought before the PCGC for resolution. The chairman shall see that the necessary documents and related data are provided to the PCGC members as soon as practicable. The PCGC will then meet or conference to discuss the issue(s) and make their decision within 60 calendar days of the chairman's receipt of the request. The decision will be provided to the person bringing the issue(s) and the NERC staff. The PCGC is the governing body of the Certification program and its decision is final.
4. Dispute Resolution Process Expenses: All individual expenses associated with the Dispute Resolution Process, including salaries, meetings, or consultant fees, shall be the responsibility of the individual parties incurring the expense.
5. Decision Process: Robert's Rules of Order shall be used as a standard of conduct for the Dispute Resolution Process. A majority vote of the members present will decide all issues. The vote will be taken in a closed session. No member of the PCGC may participate in the Dispute Resolution Process, other than as a party or witness, if he or she has an interest in the particular matter.
 - 5.1 A stipulation of invoking the Dispute Resolution Process is that the entity invoking the Dispute Resolution Process agrees that neither NERC (its members, Board of Trustees, committees, subcommittees, and staff), any person assisting in the Dispute Resolution Process, nor any company employing a person assisting in the Dispute Resolution Process, shall be liable, and they shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the Dispute Resolution Process. This "hold harmless" clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.

605. Disciplinary Action

1. Disciplinary action may be necessary to protect the integrity of the system operator Credential. The PCGC may initiate disciplinary action should an individual act in a manner that is inconsistent with expectations, including but not limited to:

- 1.1. Willful, gross, and/or repeated violation of the NERC Reliability Standards as determined by a NERC investigation.
 - 1.2. Willful, gross, and/or repeated negligence in performing the duties of a certified system operator as determined by a NERC investigation.
 - 1.3. Intentional misrepresentation of information provided on a NERC application for a system operator Certification exam or to maintain a system operator Credential using CE Hours.
 - 1.4. Intentional misrepresentation of identification in the exam process, including a person identifying himself or herself as another person to obtain Certification for the other person.
 - 1.5. Any form of cheating during a Certification exam, including, but not limited to, bringing unauthorized reference material in the form of notes, crib sheets, or other methods of cheating into the testing center.
 - 1.6. A certified system operator's admission to or conviction of any felony or misdemeanor directly related to his/her duties as a system operator.
2. Hearing Process: Upon report to NERC of a candidate's or certified system operator's alleged misconduct, the NERC PCGC Credential Review Task Force will convene for the determination of facts. An individual, government agency, or other investigating authority can file a report. Unless the Task Force initially determines that the report of alleged misconduct is without merit, the candidate or certified system operator will be given the right to notice of the allegation. A hearing will be held and the charged candidate or certified system operator will be given an opportunity to be heard and present further relevant information. The Task Force may seek out information from other involved parties. The hearing will not be open to the public, but it will be open to the charged candidate or certified system operator and his or her representative. The Task Force will deliberate in a closed session, but the Task Force cannot receive any evidence during the closed session that was not developed during the course of the hearing.
3. Task Force's decision: The Task Force's decision will be unanimous and will be in writing with inclusion of the facts and reasons for the decision. The Task Force's written decision will be delivered to the PCGC and by certified post to the charged candidate or certified system operator. In the event that the Task Force is unable to reach a unanimous decision, the matter shall be brought to the full committee for a decision.
- 3.1. No Action: Allegation of misconduct was determined to be unsubstantiated or inconsequential to the Credential.
 - 3.2. Probation: A letter will be sent from NERC to the offender specifying:

- 3.2.1. The length of time of the probationary period (to be determined by the PCGC).
 - 3.2.2. Credential will remain valid during the probationary period.
 - 3.2.3. The probationary period does not affect the expiration date of the current certificate.
 - 3.2.4. During the probationary period, a subsequent offense of misconduct, as determined through the same process as described above, may be cause for more serious consequences.
 - 3.3. Revoke for Cause: A letter will be sent from NERC to the offender specifying:
 - 3.3.1. The length of time of the probationary period (to be determined by the PCGC).
 - 3.3.2. Credential is no longer valid.
 - 3.3.3. Successfully passing an exam will be required to become recertified.
 - 3.3.4. An exam will not be authorized until the revocation period expires
 - 3.4. Termination of Credential: A letter will be sent from NERC to the offender specifying permanent removal of Credential.
4. Credential Review Task Force: The Credential Review Task Force shall be comprised of three active members of the PCGC assigned by the Chairman of the PCGC on an ad hoc basis. No one on the Credential Review Task Force may have an interest in the particular matter. The Task Force will meet in a venue determined by the Task Force chairman.
5. Appeal Process: The decision of the Task Force may be appealed using the NERC System Operator Certification Dispute Resolution Process.

606. Candidate Testing Mechanisms

1. The Personnel Certification Program shall utilize reliable testing mechanisms to evaluate individual competence in a manner that is objective, fair to all candidates, job-related, and based on the knowledge and skill needed to function in the discipline.

2. The Personnel Certification Program shall implement a formal policy of periodic review of the testing mechanisms to ensure ongoing relevance of the mechanisms to knowledge and skill needed in the discipline.
3. The Personnel Certification Program shall utilize policies and procedures to ensure that all test administration and development materials are secure and demonstrate that these policies and procedures are consistently implemented.
4. The Personnel Certification Program shall establish pass/fail levels that protect the public with a method that is based on competence and generally accepted in the psychometric community as being fair and reasonable.
5. The Personnel Certification Program shall conduct ongoing studies to substantiate the reliability and validity of the testing mechanisms.
6. The Personnel Certification Program shall utilize policies and procedures that govern how long examination records are kept in their original format.
7. The Personnel Certification Program shall demonstrate that different forms of the testing mechanisms assess equivalent content and that candidates are not penalized for taking forms of varying difficulty.

607. Public Information About the Personnel Certification Program

1. The Personnel Certification Program shall maintain and publish publicly a System Operator Certification Program Manual describing the procedures used in examination construction and validation; all eligibility requirements and determination; fees; and examination administration documents, including: reporting of results, re-Certification requirements, and disciplinary and dispute resolution.
2. The Personnel Certification Program shall maintain and publish publicly a comprehensive summary or outline of the information, knowledge, or functions covered by each examination.
3. The Personnel Certification Program shall publish publicly and make available at least annually a summary of Certification activities for the program, including at least the following information: number of examinations delivered, the number passed, the number failed, and the number certified.

608. Responsibilities to Applicants for Certification or Re-Certification

The Personnel Certification Program:

1. Shall not discriminate among applicants as to age, gender, race, religion, national origin, disability, or marital status and shall include a statement of non-discrimination in announcements of the program.

2. Shall comply with all requirements of applicable federal and state/provincial laws with respect to all Certification and re-Certification activities, and shall require compliance of all contractors and/or providers of services.
3. Shall make available to all applicants copies of formalized procedures for application for, and attainment of, personnel Certification and re-Certification and shall uniformly follow and enforce such procedures for all applicants.
4. Shall implement a formal policy for the periodic review of eligibility criteria and application procedures to ensure that they are fair and equitable.
5. Shall provide competently proctored examination sites.
6. Shall uniformly report examination results to applicants in a timely manner.
7. Shall give applicants failing the examination information on general content areas of deficiency.

609. Responsibilities to the Public and to Employers of Certified Practitioners

The Personnel Certification Program:

1. Shall demonstrate that the testing mechanisms adequately measure the knowledge and skill required for entry, maintenance, and/or advancement in the profession for each position to be certified.
2. Shall award Certification and re-Certification only after the skill and knowledge of the individual have been evaluated and determined to be acceptable.
3. Shall maintain, in an electronic format, a current list of those persons certified in the programs and have policies and procedures that delineate what information about a Credential holder may be made public and under what circumstances.
4. Shall have formal policies and procedures for discipline of a Credential holder, including the revocation of the certificate, for conduct deemed harmful to the public or inappropriate to the discipline (e.g., incompetence, unethical behavior, physical or mental impairment affecting performance). These procedures shall incorporate due process.
5. Shall demonstrate that any title or Credential awarded accurately reflects or applies to the practitioner's daily occupational or professional duties and is not confusing to employers, consumers, regulators, related professions, and/or other interested parties.

SECTION 700 — RELIABILITY READINESS EVALUATION AND IMPROVEMENT AND FORMATION OF SECTOR FORUMS

701. Confidentiality Requirements for Readiness Evaluations and Evaluation Team Members

1. All information made available or created during the course of any reliability readiness evaluation including, but not limited to, data, Documents, observations and notes, shall be maintained as confidential by all evaluation team members, in accordance with the requirements of Section 1500.
2. Evaluation team members are obligated to destroy all confidential evaluation notes following the posting of the final report of the reliability readiness evaluation.
3. NERC will retain reliability readiness evaluation-related documentation, notes, and materials for a period of time as defined by NERC.
4. These confidentiality requirements shall survive the termination of the NERC Reliability Readiness Evaluation and Improvement Program.

702. Formation of Sector Forum

1. NERC will form a sector forum at the request of any five members of NERC that share a common interest in the safety and reliability of the Bulk Power System. The members of sector forum may invite such others of the members of NERC to join the sector forum as the sector forum deems appropriate.
2. The request to form a sector forum must include a proposed charter for the sector forum. The Board must approve the charter.
3. NERC will provide notification of the formation of a sector forum to its membership roster. Notices and agendas of meetings shall be posted on NERC's website.
4. A sector forum may make recommendations to any of the NERC committees and may submit a Standards Authorization Request to the NERC *Reliability Standards Development Procedure*.

SECTION 800 — RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS

801. Objectives of the Reliability Assessment and Performance Analysis Program

The objectives of the NERC Reliability Assessment and Performance Analysis Program are to: (1) conduct, and report the results of, an independent assessment of the overall reliability and adequacy of the interconnected North American Bulk Power Systems, both as existing and as planned; (2) analyze off-normal events on the Bulk Power System; (3) identify the root causes of events that may be precursors of potentially more serious events; (4) assess past reliability performance for lessons learned; (5) disseminate findings and lessons learned to the electric industry to improve reliability performance; and (6) develop reliability performance benchmarks. The final reliability assessment reports shall be approved by the Board for publication to the electric industry and the general public.

802. Scope of the Reliability Assessment Program

1. The scope of the Reliability Assessment Program shall include:
 - 1.1 Review, assess, and report on the overall electric generation and transmission reliability (adequacy and operating reliability) of the interconnected Bulk Power Systems, both existing and as planned.
 - 1.2 Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission.
 - 1.3 Review, analyze, and report on Regional Entity self-assessments of electric supply and bulk power transmission reliability, including reliability issues of specific regional concern.
 - 1.4 Identify, analyze, and project trends in electric customer demand, supply, and transmission and their impacts on Bulk Power System reliability.
 - 1.5 Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g. environmental requirements) on the adequacy and operating reliability of the Bulk Power Systems.
2. The Reliability Assessment Program shall be performed in a manner consistent with the Reliability Standards of NERC including but not limited to those that specify reliability assessment Requirements.

803. Reliability Assessment Reports

The number and type of periodic assessments that are to be conducted shall be at the discretion of NERC. The results of the reliability assessments shall be documented in three reports: the long-term and the annual seasonal (summer) and the annual seasonal (winter) assessment reports. NERC shall also conduct special reliability assessments from time to time as circumstances warrant. The reliability assessment reports shall be reviewed and approved for publication by the Board. The three regular reports are described below.

1. **Long-Term Reliability Assessment Report** — The annual long-term report shall cover a ten-year planning horizon. The planning horizon of the long-term reliability assessment report shall be subject to change at the discretion of NERC. Detailed generation and transmission adequacy assessments shall be conducted for the first five years of the review period. For the second five years of the review period, the assessment shall focus on the identification, analysis, and projection of trends in peak demand, electric supply, and transmission adequacy, as well as other industry trends and developments that may impact future electric system reliability. Reliability issues of concern and their potential impacts shall be presented along with any mitigation plans or alternatives. The long-term reliability assessment reports will generally be published in the fall (September) of each year. NERC will also publish electricity supply and demand data associated with the long-term reliability assessment report.
2. **Summer Assessment Report** — The annual summer seasonal assessment report typically shall cover the four-month (June–September) summer period. It shall provide an overall perspective on the adequacy of the generation resources and the transmission systems necessary to meet projected summer peak demands. It shall also identify reliability issues of interest and regional and subregional areas of concern in meeting projected customer demands and may include possible mitigation alternatives. The report will generally be published in mid-May for the upcoming summer period.
3. **Winter Assessment Report** — The annual winter seasonal assessment report shall cover the three-month (December–February) winter period. The report shall provide an overall perspective on the adequacy of the generation resources and the transmission systems necessary to meet projected winter peak demands. Similar to the summer assessment, the winter assessment shall identify reliability issues of interest and regional and subregional areas of concern in meeting projected customer demands and may also include possible mitigation alternatives. The winter assessment report will generally be published in mid-November for the upcoming winter period.
4. **Special Reliability Assessment Reports** — In addition to the long-term and seasonal reliability assessment reports, NERC shall also conduct special reliability assessments on a regional, interregional, and Interconnection basis as conditions warrant, or as requested by the Board or governmental authorities. The teams of reliability and technical experts also may initiate special assessments of key

reliability issues and their impacts on the reliability of a regions, subregions, or Interconnection (or a portion thereof). Such special reliability assessments may include, among other things, operational reliability assessments, evaluations of emergency response preparedness, adequacy of fuel supply, hydro conditions, reliability impacts of new or proposed environmental rules and regulations, and reliability impacts of new or proposed legislation that affects or has the potential to affect the reliability of the interconnected Bulk Power Systems in North America.

804. Reliability Assessment Data and Information Requirements

To carry out the reviews and assessments of the overall reliability of the interconnected Bulk Power Systems, the Regional Entities and other entities shall provide sufficient data and other information requested by NERC in support of the annual long-term and seasonal assessments and any special reliability assessments.

Some of the data provided for these reviews and assessment may be considered confidential from a competitive marketing perspective, a Critical Energy Infrastructure Information perspective, or for other purposes. Such data shall be treated in accordance with the provisions of Section 1500 – Confidential Information.

While the major sources of data and information for this program are the Regional Entities, a team of reliability and technical experts is responsible for developing and formulating its own independent conclusions about the near-term and long-term reliability of the Bulk Power Systems.

In connection with the reliability assessment reports, requests shall be submitted to each of the Regional Entities for required reliability assessment data and other information, and for each Regional Entity's self-assessment report. The timing of the requests will be governed by the schedule for the preparation of the assessment reports.

The Regional Entity self-assessments are to be conducted in compliance with NERC Reliability Standards and the respective regional planning criteria. The team(s) of reliability and technical experts shall also conduct interviews with the Regional Entities as needed. The summary of the Regional Entity self-assessments that are to be included in the assessment reports shall follow the general outline identified in NERC's request. This outline may change from time to time as key reliability issues change.

In general, the Regional Entity reliability self-assessments shall address, among other areas, the following topics: demand and Net Energy for Load; assessment of projected resource adequacy; any transmission constraints that may impact bulk transmission adequacy and plans to alleviate those constraints; any unusual operating conditions that could impact reliability for the assessment period; fuel supply adequacy; the deliverability of generation (both internal and external) to Load; and any other reliability issues in the Region and their potential impacts on the reliability of the Bulk Power Systems.

805. Reliability Assessment Process

Based on their expertise, the review of the collected data, the review of the Regional Entity self-assessment reports, and interviews with the Regional Entities, as appropriate, the teams of reliability and technical experts shall perform an independent review and assessment of the generation and transmission adequacy of each Region's existing and planned Bulk Power System. The results of the review teams shall form the basis of NERC's long-term and seasonal reliability assessment reports. The review and assessment process is briefly summarized below.

1. **Resource Adequacy Assessment** — The teams shall evaluate the regional demand and resource capacity data for completeness in the context of the overall resource capacity needs of the Region. The team shall independently evaluate the ability of the Regional Entity members to serve their obligations given the demand growth projections, the amount of existing and planned capacity, including committed and uncommitted capacity, contracted capacity, or capacity outside of the Region. If the Region relies on capacity from outside of the Region to meet its resource objectives, the ability to deliver that capacity shall be factored into the assessment. The demand and resource capacity information shall be compared to the resource adequacy requirements of the Regional Entity for the year(s) or season(s) being assessed. The assessment shall determine if the resource information submitted represents a reasonable and attainable plan for the Regional Entity and its members. For cases of inadequate capacity or reserve margin, the Regional Entity will be requested to analyze and explain any resource capacity inadequacies and its plans to mitigate the reliability impact of the potential inadequacies. The analysis may be expanded to include surrounding areas. If the expanded analysis indicates further inadequacies, then an interregional problem may exist and will be explored with the applicable Regions. The results of these analyses shall be described in the assessment report.
2. **Transmission Adequacy and Operating Reliability Assessment** — The teams shall evaluate transmission system information that relates to the adequacy and operating reliability of the regional transmission system. That information shall include: regional planning study reports, interregional planning study reports, and/or regional operational study reports. If additional information is required, another data request shall be sent to the Regional Entity. The assessment shall provide a judgment on the ability of the regional transmission system to operate reliably under the expected range of operating conditions over the assessment period as required by NERC Reliability Standards. If sub-areas of the regional system are especially critical to the Reliable Operation of the regional bulk transmission system, these Facilities or sub-areas shall be reviewed and addressed in the assessment. Any areas of concern related to the adequacy or operating reliability of the system shall be identified and reported in the assessment.
3. **Seasonal Operating Reliability Assessment** — The team(s) shall evaluate the overall operating reliability of the regional bulk transmission systems. In areas with potential resource adequacy or system operating reliability problems, operational readiness of the affected Regional Entities for the upcoming season

shall be reviewed and analyzed. The assessment may consider unusual but possible operating scenarios and how the system is expected to perform. Operating reliability shall take into account a wide range of activities, all of which should reinforce the Regional Entity's ability to deal with the situations that might occur during the upcoming season. Typical activities in the assessment may include: facility modifications and additions, new or modified operating procedures, emergency procedures enhancement, and planning and operating studies. The teams shall report the overall seasonal operating reliability of the regional transmission systems in the annual summer and winter assessment reports.

4. **Reporting of Reliability Assessment Results** — The teams of reliability and technical experts shall provide an independent assessment of the reliability of the Regional Entities and the North American interconnected Bulk Power System for the period of the assessment. While the Regional Entities are relied upon to provide the information to perform such assessments, the review team is not required to accept the conclusions provided by the Regional Entities. Instead, the review team is expected, based on their expertise, to reach their own independent conclusions about the status of the adequacy of the generation and bulk power transmission systems of North America.

The review team also shall strive to achieve consensus in their assessments. The assessments that are made are based on the best information available at the time. However, since judgment is applied to this information, legitimate differences of opinion can develop. Despite these differences, the review team shall work to achieve consensus on their findings.

In addition to providing long-term and seasonal assessments in connection with the Reliability Assessment Program, the review team of experts shall also be responsible for recommending new and revised Reliability Standards related to the reliability assessments and the reliability of the Bulk Power Systems. These proposals for new or revised Reliability Standards shall be entered into NERC's Reliability Standards development process.

Upon completion of the assessment, the team shall share the results with the Regional Entities. The Regional Entities shall be given the opportunity to review and comment on the conclusions in the assessment and to provide additional information as appropriate. The reliability assessments and their conclusions are the responsibility of NERC's technical review team and NERC.

The preparation and approval of NERC's reliability assessment reports shall follow a prescribed schedule including review, comment, and possible approval by appropriate NERC committees. The long-term and seasonal (summer and winter) reliability assessment reports shall be further reviewed for approval by the Board for publication to the electric industry.

806. Scope of the Reliability Performance and Analysis Program

The components of the program will include analysis of large-scale outages, disturbances, and near misses to determine root causes and lessons learned; identification and continuous monitoring of performance indices to detect emerging trends and signs of a decline in reliability performance; and communications of performance results, trends, recommendations, and initiatives to those responsible to take actions; followed with confirmation of actions to correct any deficiencies identified. Within NERC, the reliability performance program will provide performance results to the Reliability Standards Development and Compliance Monitoring and Enforcement Programs to make the necessary adjustments to preserve reliability based on a risk-based approach.

807. Analysis of Major Events

Responding to major events affecting the Bulk Power System such as significant losses of Load or generation, significant Bulk Power System disturbances, or other emergencies on the Bulk Power System, can be divided into four phases: situational assessment and communications; situation tracking and communications; data collection, investigation, analysis, and reporting; and follow-up on recommendations.

1. NERC's role following a major event is to provide leadership, coordination, technical expertise, and assistance to the industry in responding to the major event. Working closely with the Regional Entities and Reliability Coordinators, and other appropriate Registered Entities, NERC will coordinate and facilitate efforts among industry participants, and with state, federal, and provincial governments in the United States and Canada to support the industry's response.
2. When responding to any major event where physical or cyber security is suspected as a cause or contributing factor to the major event, NERC will immediately notify appropriate government agencies and coordinate its activities with them.
3. To the extent that a Reliability Standard sets forth specific criteria and procedures for reporting the Bulk Power System disturbances and events described in that Reliability Standard, all Registered Entities that are subject to the Requirements of that Reliability Standard must report the information required by that Reliability Standard within the time periods specified. In addition to reporting information as required by applicable Reliability Standards, each user, owner, and operator of the Bulk Power System shall also provide NERC and the applicable Regional Entities with such additional information requested by NERC or the applicable Regional Entity as is necessary to enable NERC and the applicable Regional Entities to carry out their responsibilities under this section.
4. During the conduct of NERC analyses, assistance may be needed from government agencies. This assistance could include: authority to require data reporting from affected or involved parties; communications with other agencies of government; investigations related to possible criminal or terrorist involvement in the major event; resources for initial data gathering immediately after the major

event; authority to call meetings of affected or involved parties; and technical and analytical resources for studies.

5. NERC shall work with all other participants to establish a clear delineation of roles, responsibilities, and coordination requirements among industry and government for the investigation and reporting of findings, conclusions, and recommendations related to major events with the objective of avoiding, to the extent possible, multiple investigations of the same major event. If the major event is confined to a single Regional Entity, NERC representatives will participate as members of the Regional Entity analysis team. NERC will establish, maintain, and revise from time to time as appropriate based on experience, a manual setting forth procedures and protocols for communications and sharing and exchange of information between and among NERC, the affected Regional Entity or Entities, and relevant governmental authorities, industry organizations and Bulk Power System user, owners, and operators concerning the investigation and analysis of major events.
6. NERC and applicable entity(s) will apply, as appropriate to the circumstances of the major event, the NERC *Blackout and Disturbance Response Procedures*, which are incorporated into these Rules of Procedure as **Appendix 8**. These procedures provide a framework to guide NERC's response to major events that may have multiregional, national, or international implications. Experienced industry leadership shall be applied to tailor the response to the specific circumstances of the major event. In accordance with those procedures, the NERC president will determine whether the major event warrants analysis at the NERC level. A Regional Entity may request that NERC elevate any analysis of a major event to the NERC level.
7. NERC will screen and analyze the findings and recommendations from the analysis, and those with generic applicability will be disseminated to the industry through various means appropriate to the circumstances, including in accordance with Section 810.

808. Analysis of Off-Normal Occurrences, Bulk Power System Performance, and Bulk Power System Vulnerabilities

1. NERC and Regional Entities will analyze Bulk Power System and equipment performance occurrences that do not rise to the level of a major event, as described in Section 807. NERC and Regional Entities will also analyze potential vulnerabilities in the Bulk Power System that they discover or that are brought to their attention by other sources including government agencies. The purpose of these analyses is to identify the root causes of occurrences or conditions that may be precursors of major events or other potentially more serious occurrences, or that have the potential to cause major events or other more serious occurrences, to assess past reliability performance for lessons learned, and to develop reliability performance benchmarks and trends.

2. NERC and Regional Entities will screen and analyze off-normal occurrences, Bulk Power System performance, and potential Bulk Power System vulnerabilities for significance, and information from those indicated as having generic applicability will be disseminated to the industry through various means appropriate to the circumstances, including in accordance with Section 810.
3. To the extent that a Reliability Standard sets forth specific criteria and procedures for reporting the Bulk Power System disturbances and events described in that Reliability Standard, all Registered Entities that are subject to the Requirements of that Reliability Standard must report the information required by that Reliability Standard within the time periods specified. In addition to reporting information as required by applicable Reliability Standards, each user, owner, and operator, of the Bulk Power System shall provide NERC and the applicable Regional Entities with such additional information requested by NERC or the applicable Regional Entities as is necessary to enable NERC and the applicable Regional Entities to carry out their responsibilities under this section.

809. Reliability Benchmarking

NERC shall identify and track key reliability indicators as a means of benchmarking reliability performance and measuring reliability improvements. This program will include assessing available metrics, developing guidelines for acceptable metrics, maintaining a performance metrics “dashboard” on the NERC website, and developing appropriate reliability performance benchmarks.

810. Information Exchange and Issuance of NERC Advisories, Recommendations and Essential Actions

1. Members of NERC and Bulk Power System owners, operators, and users shall provide NERC with detailed and timely operating experience information and data.
2. In the normal course of operations, NERC disseminates the results of its events analysis findings, lessons learned and other analysis and information gathering to the industry. These findings, lessons learned and other information will be used to guide the Reliability Assessment Program.
3. When NERC determines it is necessary to place the industry or segments of the industry on formal notice of its findings, analyses, and recommendations, NERC will provide such notification in the form of specific operations or equipment Advisories, Recommendations or Essential Actions:
 - 3.1 Level 1 (Advisories) – purely informational, intended to advise certain segments of the owners, operators and users of the Bulk Power System of findings and lessons learned;
 - 3.2 Level 2 (Recommendations) – specific actions that NERC is recommending be considered on a particular topic by certain segments of

owners, operators, and users of the Bulk Power System according to each entity's facts and circumstances;

- 3.3 Level 3 (Essential Actions) – specific actions that NERC has determined are essential for certain segments of owners, operators, or users of the Bulk Power System to take to ensure the reliability of the Bulk Power System. Such Essential Actions require NERC Board approval before issuance.
4. The Bulk Power System owners, operators, and users to which Level 2 (Recommendations) and Level 3 (Essential Actions) notifications apply are to evaluate and take appropriate action on such issuances by NERC. Such Bulk Power System owners, operators, and users shall also provide reports of actions taken and timely updates on progress towards resolving the issues raised in the Recommendations and Essential Actions in accordance with the reporting date(s) specified by NERC.
5. NERC will advise the Commission and other Applicable Governmental Authorities of its intent to issue all Level 1 (Advisories), Level 2 (Recommendations), and Level 3 (Essential Actions) at least five (5) business days prior to issuance, unless extraordinary circumstances exist that warrant issuance less than five (5) business days after such advice. NERC will file a report with the Commission and other Applicable Governmental Authorities no later than thirty (30) days following the date by which NERC has requested the Bulk Power System owners, operators, and users to which a Level 2 (Recommendation) or Level 3 (Essential Action) issuance applies to provide reports of actions taken in response to the notification. NERC's report to the Commission and other Applicable Governmental Authorities will describe the actions taken by the relevant owners, operators, and users of the Bulk Power System and the success of such actions taken in correcting any vulnerability or deficiency that was the subject of the notification, with appropriate protection for Confidential Information or Critical Energy Infrastructure Information.

811. Equipment Performance Data

Through its Generating Availability Data System (GADS), NERC shall collect operating information about the performance of electric generating equipment; provide assistance to those researching information on power plant outages stored in its database; and support equipment reliability as well as availability analyses and other decision-making processes developed by GADS subscribers. GADS data is also used in conducting assessments of generation resource adequacy.

SECTION 900 — TRAINING AND EDUCATION

901. Scope of the Training and Education Program

Maintaining the reliability of the Bulk Electric System through implementation of the Reliability Standards requires informed and trained personnel. The training and education program will provide the education and training necessary for Bulk Power System personnel and regulators to obtain the essential knowledge necessary to understand and operate the Bulk Electric System.

NERC shall develop and maintain training and education programs for the purpose of establishing training requirements, developing materials, and developing training activities. The target audience of the training and education programs shall be Bulk Power System operating personnel including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, training personnel, and other personnel directly responsible for complying with NERC Reliability Standards who, through their actions or inactions, may impact the real-time, or day-ahead reliability of the Bulk Power System.

NERC shall also develop and provide appropriate training and education for industry participants and regulators affected by new or changed Reliability Standards or compliance Requirements.

To accomplish those objectives:

1. NERC shall periodically conduct job task analyses for targeted Bulk Power System personnel to ensure that the training program content is properly aligned to the job tasks performed by those personnel.
2. NERC shall develop and maintain personnel training program curriculum requirements based on valid job-task analysis.
3. NERC shall periodically conduct performance surveys to determine the effectiveness of the training program and identify areas for further training development and improvement.
4. NERC shall develop training and education materials and activities to assist Bulk Power System entities implementing new or revised Reliability Standard Requirements or other NERC-related changes.
5. NERC shall develop and provide training to people who participate in NERC and Regional Entity evaluations, audits, and investigations for the Compliance Monitoring and Enforcement Program, Organization Certification Program, and the continuing education program.

902. Continuing Education Program

NERC shall develop and maintain a continuing education program to foster the improvement of training and to promote quality in the training programs used by and

implemented by Bulk Power System entities. The program shall approve or accredit those activities and entities meeting NERC continuing education requirements.

1. NERC shall develop and implement continuing education program requirements that promote excellence in training programs and advance improved performance for Bulk Power System personnel identified in Section 901.
2. NERC shall develop and maintain a process to approve or accredit continuing education Providers and activities seeking approval or accreditation and meeting NERC-approved continuing education requirements.
3. NERC shall perform periodic audits on continuing education Providers and training activities to ensure that the approved or accredited Providers and training activities satisfy NERC continuing education requirements.
4. NERC shall develop and maintain an appeals process for disputed application reviews, interpretations of guidelines and standards, probation or suspension of NERC-approved Provider status, or Continuing Education Hour disputes.

SECTION 1000 — SITUATION AWARENESS AND INFRASTRUCTURE SECURITY

1001. Situation Awareness

NERC shall through the use of Reliability Coordinators and available tools, monitor present conditions on the Bulk Power System and provide leadership coordination, technical expertise, and assistance to the industry in responding to events as necessary. To accomplish these goals, NERC will:

1. Maintain real-time situation awareness of conditions on the Bulk Power System;
2. Notify the industry of significant Bulk Power System events that have occurred in one area, and which have the potential to impact reliability in other areas;
3. Maintain and strengthen high-level communication, coordination, and cooperation with governments and government agencies regarding real-time conditions; and
4. Enable the Reliable Operation of interconnected Bulk Power Systems by facilitating information exchange and coordination among reliability service organizations.

1002. Reliability Support Services

NERC may assist in the development of tools and other support services for the benefit of Reliability Coordinators and other system operators to enhance reliability, operations and planning. NERC will work with the industry to identify new tools, collaboratively develop requirements, support development, provide an incubation period, and at the end of that period, transition the tool or service to another group or owner for long term operation of the tool or provision of the service. To accomplish this goal, NERC will:

1. Collaborate with industry to determine the necessity of new tools or services to enhance reliability;
2. For those tools that the collaborative process determines should proceed to a development phase, provide a start-up mechanism and development system;
3. Implement the tool either on its own or through an appropriate group or organization; and
4. Where NERC conducts the implementation phase of a new tool or service, develop a transition plan to turn maintenance and provision of the tool or service over to an organization identified in the development stage.

In addition to tools developed as a result of a collaborative process with industry, NERC may develop reliability tools on its own, but will consult with industry concerning the need for the tool prior to proceeding to development.

Tools and services being maintained by NERC as of January 1, 2012, will be reviewed and, as warranted, transitioned to an appropriate industry group or organization. NERC will develop and maintain a strategic reliability tools plan that will list the tools and services being maintained by NERC, and, where applicable, the plans for transition to an appropriate industry group or organization.

1003. Infrastructure Security Program

NERC shall coordinate electric industry activities to promote Critical Infrastructure protection of the Bulk Power System in North America by taking a leadership role in Critical Infrastructure protection of the electricity sector so as to reduce vulnerability and improve mitigation and protection of the electricity sector's Critical Infrastructure. To accomplish these goals, NERC shall perform the following functions.

1. Electric Sector Information Sharing and Analysis Center (ESISAC)
 - 1.1 NERC shall serve as the electricity sector's sector coordinator and operate its Information Sharing and Analysis Center to gather information and communicate security-related threats and incidents within the sector, with United States and Canadian government agencies, and with other Critical Infrastructure sectors.
 - 1.2 NERC shall improve the capability of the ESISAC to analyze security threats and incident information and provide situational assessments for the electricity sector and governments.
 - 1.3 NERC shall work closely with the United States Department of Homeland Security, Department of Energy, Natural Resources Canada, and Public Safety and Emergency Preparedness Canada.
 - 1.4 NERC shall strengthen and expand these functions and working relationships with the electricity sector, other Critical Infrastructure industries, governments, and government agencies throughout North America to ensure the protection of the infrastructure of the Bulk Power System.
 - 1.5 NERC shall fill the role of the Electricity Sector Coordinating Council and coordinate with the Government Coordinating Council.
 - 1.6 NERC shall coordinate with other Critical Infrastructure sectors through active participation with the other Sector Coordinating Councils, the other ISACs, and the National Infrastructure Advisory Committee.
 - 1.7 NERC shall encourage and participate in coordinated Critical Infrastructure protection exercises, including interdependencies with other Critical Infrastructure sectors.
2. Security Planning

- 2.1 NERC shall take a risk management approach to Critical Infrastructure protection, considering probability and severity, and recognizing that mitigation and recovery can be practical alternatives to prevention.
- 2.2 NERC shall keep abreast of the changing threat environment through collaboration with government agencies.
- 2.3 NERC shall develop criteria to identify critical physical assets and Critical Cyber Assets, assess security threats, identify risk assessment methodologies, and assess effectiveness of physical and cyber protection measures.
- 2.4 NERC shall enhance and maintain the Bulk Power System critical spare transformer program, encourage increased participation by asset owners, and continue to assess the need to expand this program to include other critical Bulk Power System equipment.
- 2.5 NERC shall support implementation of the Critical Infrastructure Protection Standards through education and outreach.
- 2.6 NERC shall review and improve existing security guidelines, develop new security guidelines to meet the needs of the electricity sector, and consider whether any guidelines should be developed into Reliability Standards.
- 2.7 NERC shall conduct education and outreach initiatives to increase awareness and respond to the needs of the electricity sector.
- 2.8 NERC shall strengthen relationships with federal, state, and provincial government agencies on Critical Infrastructure protection matters.
- 2.9 NERC shall maintain and improve mechanisms for the sharing of sensitive or classified information with federal, state, and provincial government agencies on Critical Infrastructure protection matters; work with DOE and DHS to implement the National Infrastructure Protection Plan, as applicable to the electricity sector; and coordinate this work with PSEPC.
- 2.10 NERC shall improve methods to better assess the impact of a possible physical attack on the Bulk Power System and means to deter, mitigate, and respond following an attack.
- 2.11 NERC shall assess the results of vulnerability assessments and enhance the security of system control and data acquisition (SCADA) and process control systems by developing methods to detect an emerging cyber attack and the means to mitigate impacts on the Bulk Power Systems.
- 2.12 NERC shall work with the National SCADA Test Bed and the Process Control Systems Forum to accelerate the development of technology that

will enhance the security, safety, and reliability of process control and SCADA systems.

SECTION 1100 — ANNUAL NERC BUSINESS PLANS AND BUDGETS

1101. Scope of Business Plans and Budgets

The Board shall determine the content of the budgets to be submitted to the Applicable Governmental Authorities with consultation from the members of the Member Representatives Committee, Regional Entities, and others in accordance with the Bylaws. The Board shall identify any activities outside the scope of NERC's statutory reliability functions, if any, and the appropriate funding mechanisms for those activities.

1102. NERC Funding and Cost Allocation

1. In order that NERC's costs shall be fairly allocated among Interconnections and among Regional Entities, the NERC funding mechanism for all statutory functions shall be based on Net Energy for Load (NEL).
2. NERC's costs shall be allocated so that all Load (or, in the case of costs for an Interconnection or Regional Entity, all Load within that Interconnection or Regional Entity) bears an equitable share of such costs based on NEL.
3. Costs shall be equitably allocated between countries or Regional Entities thereof for which NERC has been designated or recognized as the Electric Reliability Organization.
4. Costs incurred to accomplish the statutory functions for one Interconnection, Regional Entity, or group of entities will be directly assigned to that Interconnection, Regional Entity, or group of entities provided that such costs are allocated equitably to end-users based on Net Energy for Load.

1103. NERC Budget Development

1. The NERC annual budget process shall be scheduled and conducted for each calendar year so as to allow a sufficient amount of time for NERC to receive Member inputs, develop the budget, and receive Board and, where authorized by applicable legislation or agreement, Applicable Governmental Authority approval of the NERC budget for the following fiscal year, including timely submission of the proposed budget to FERC for approval in accordance with FERC regulations.
2. The NERC budget submittal to Applicable Governmental Authorities shall include provisions for all ERO functions, all Regional Entity delegated functions as specified in delegation agreements and reasonable reserves and contingencies.
3. The NERC annual budget submittal to Applicable Governmental Authorities shall include description and explanation of NERC's proposed ERO program activities for the year; budget component justification based on statutory or other authorities; explanation of how each budgeted activity lends itself to the accomplishment of the statutory or other authorities; sufficiency of resources

provided for in the budget to carry out the ERO program responsibilities; explanation of the calculations and budget estimates; identification and explanation of changes in budget components from the previous year's budget; information on staffing and organization charts; and such other information as is required by FERC and other Applicable Governmental Authorities having authority to approve the proposed budget.

4. NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, to allow a meaningful comparison of actual results at the NERC and Regional Entity level by the Applicable Governmental Authorities.

1104. Submittal of Regional Entity Budgets to NERC

1. Each Regional Entity shall submit its proposed annual budget for carrying out its delegated authority functions as well as all other activities and funding to NERC in accordance with a schedule developed by NERC and the Regional Entities, which shall provide for the Regional Entity to submit its final budget that has been approved by its board of directors or other governing body no later than July 1 of the prior year, in order to provide sufficient time for NERC's review and comment on the proposed budget and approval of the Regional Entity budget by the NERC Board of Trustees in time for the NERC and Regional Entity budgets to be submitted to FERC and other Applicable Governmental Authorities for approval in accordance with their regulations. The Regional Entity's budget shall include supporting materials in accordance with the budget and reporting format developed by NERC and the Regional Entities, including the Regional Entity's complete business plan and organization chart, explaining the proposed collection of all dues, fees, and charges and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.
2. NERC shall review and approve each Regional Entity's budget for meeting the requirements of its delegated authority. Concurrent with approving the NERC budget, NERC shall review and approve, or reject, each Regional Entity budget for filing.
3. NERC shall also have the right to review from time to time, in reasonable intervals but no less frequently than every three years, the financial books and records of each Regional Entity having delegated authority in order to ensure that the documentation fairly represents in all material aspects appropriate funding of delegated functions.

1105. Submittal of NERC and Regional Entity Budgets to Governmental Authorities for Approval

1. NERC shall file for approval by the Applicable Governmental Authorities at least 130 days in advance of the start of each fiscal year. The filing shall include: (1) the complete NERC and Regional Entity budgets including the business plans and organizational charts approved by the Board, (2) NERC's annual funding requirement (including Regional Entity costs for delegated functions), and (3) the

mechanism for assessing charges to recover that annual funding requirement, together with supporting materials in sufficient detail to support the requested funding requirement.

2. NERC shall seek approval from each Applicable Governmental Authority requiring such approval for the funding requirements necessary to perform ERO activities within their jurisdictions.

1106. NERC and Regional Entity Billing and Collections

1. NERC shall request the Regional Entities to identify all Load-Serving Entities³ within each Regional Entity and the NEL assigned to each Load-Serving Entity, and the Regional Entities shall supply the requested information. The assignment of a funding requirement to an entity shall not be the basis for determining that the entity must be registered in the Compliance Registry.
2. NERC shall accumulate the NEL by Load-Serving Entities for each Applicable Governmental Authority and submit the proportional share of NERC funding requirements to each Applicable Governmental Authority for approval together with supporting materials in sufficient detail to support the requested funding requirement.
3. NEL reported by Balancing Authorities within a Region shall be used to rationalize and validate amounts allocated for collection through Regional Entity processes.
4. The billing and collection processes shall provide:
 - 4.1 A clear validation of billing and application of payments.
 - 4.2 A minimum of data requests to those being billed.
 - 4.3 Adequate controls to ensure integrity in the billing determinants including identification of entities responsible for funding NERC's activities.
 - 4.4 Consistent billing and collection terms.
5. NERC will bill and collect all budget requirements approved by Applicable Governmental Authorities (including the funds required to support those functions assigned to the Regional Entities through the delegation agreements) directly from the Load-Serving Entities or their designees or as directed by particular Applicable Governmental Authorities, except where the Regional Entity is required to collect the budget requirements for NERC, in which case the Regional Entity will collect directly from the Load-Serving Entities or as otherwise

³ A Regional Entity may allocate funding obligations using an alternative method approved by NERC and by FERC and other Applicable Governmental Authorities, as provided for in the regional delegation agreement.

provided by agreement and submit funds to NERC. Alternatively, a load-serving entity may pay its allocated ERO costs through a Regional Entity managed collection mechanism.

6. NERC shall set a minimum threshold limit on the billing of small LSEs to minimize the administrative burden of collection.
7. NERC shall pursue any non-payments and shall request assistance from Applicable Governmental Authorities as necessary to secure collection.
8. In the case where a Regional Entity performs the collection for ERO, the Regional Entity will not be responsible for non-payment in the event that a user, owner or operator of the Bulk Power System does not pay its share of dues, fees and charges in a timely manner, provided that such a Regional Entity shall use reasonably diligent efforts to collect dues, fees, and other charges from all entities obligated to pay them. However, any revenues not paid shall be recovered from others within the same Region to avoid cross-subsidization between Regions.
9. Both NERC and the Regional Entities also may bill members or others for functions and services not within statutory requirements or otherwise authorized by the Applicable Governmental Authorities. Costs and revenues associated with these functions and services shall be separately identified and not commingled with billings associated with the funding of NERC or of the Regional Entities for delegated activities.

1107. Penalty Applications

1. Where NERC or a Regional Entity initiates a compliance monitoring and enforcement process that leads to imposition of a Penalty, the entity that initiated the process shall receive any Penalty monies imposed and collected as a result of that process, unless a different disposition of the Penalty monies is provided for in the delegation agreement, or in a contract or a disposition of the violation that is approved by NERC and FERC.
2. All funds from financial Penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1. Funds from financial Penalties shall not be directly applied to any program maintained by the entity conducting the compliance monitoring and enforcement process. Funds from financial Penalties assessed against a Canadian entity shall be applied as specified by legislation or agreement.
3. In the event that a compliance monitoring and enforcement process is conducted jointly by NERC and a Regional Entity, the Regional Entity shall receive the Penalty monies and offset the Regional Entity's budget requirements for the subsequent fiscal year.

4. Exceptions or alternatives to the foregoing provisions will be allowed if approved by NERC and by FERC or any other Applicable Governmental Authority.

1108. Special Assessments

On a demonstration of unforeseen and extraordinary circumstances requiring additional funds prior to the next funding cycle, NERC shall file with the Applicable Governmental Authorities, where authorized by applicable legislation or agreement, for authorization for an amended or supplemental budget for NERC or a Regional Entity and, if necessary under the amended or supplemental budget, to collect a special or additional assessment for statutory functions of NERC or the Regional Entity. Such filing shall include supporting materials to justify the requested funding, including any departure from the approved funding formula or method.

SECTION 1200 — REGIONAL DELEGATION AGREEMENTS

1201. Pro Forma Regional Delegation Agreement

NERC shall develop and maintain a pro forma Regional Entity delegation agreement, which shall serve as the basis for negotiation of consistent agreements for the delegation of ERO functions to Regional Entities.

1202. Regional Entity Essential Requirements

NERC shall establish the essential requirements for an entity to become qualified and maintain good standing as a Regional Entity.

1203. Negotiation of Regional Delegation Agreements

NERC shall, for all areas of North America that have provided NERC with the appropriate authority, negotiate regional delegation agreements for the purpose of ensuring all areas of the North American Bulk Power Systems are within a Regional Entity Region. In the event NERC is unable to reach agreement with Regional Entities for all areas, NERC shall provide alternative means and resources for implementing NERC functions within those areas. No delegation agreement shall take effect until it has been approved by the Applicable Governmental Authority.

1204. Conformance to Rules and Terms of Regional Delegation Agreements

NERC and each Regional Entity shall comply with all applicable ERO Rules of Procedure and the obligations stated in the regional delegation agreement.

1205. Sub-delegation

The Regional Entity shall not sub-delegate any responsibilities and authorities delegated to it by its regional delegation agreement with NERC except with the approval of NERC and FERC and other Applicable Governmental Authorities. Responsibilities and authorities may only be sub-delegated to another Regional Entity. Regional Entities may share resources with one another so long as such arrangements do not result in cross-subsidization or in any sub-delegation of authorities.

1206. Nonconformance to Rules or Terms of Regional Delegation Agreement

If a Regional Entity is unable to comply or is not in compliance with an ERO Rule of Procedure or the terms of the regional delegation agreement, the Regional Entity shall immediately notify NERC in writing, describing the area of nonconformance and the reason for not being able to conform to the Rule of Procedure. NERC shall evaluate each case and inform the affected Regional Entity of the results of the evaluation. If NERC determines that a Rule of Procedure or term of the regional delegation agreement has been violated by a Regional Entity or cannot practically be implemented by a Regional Entity, NERC shall notify the Applicable Governmental Authorities and take any actions necessary to address the situation.

1207. Regional Entity Audits

Approximately every five years and more frequently if necessary for cause, NERC shall audit each Regional Entity to verify that the Regional Entity continues to comply with NERC Rules of Procedure and the obligations of NERC delegation agreement. Audits of Regional Entities shall be conducted, to the extent practical, based on professional auditing standards recognized in the U.S., including Generally Accepted Auditing Standards, Generally Accepted Government Auditing Standards, and standards sanctioned by the Institute of Internal Auditors, and if applicable to the coverage of the audit, may be based on Canadian or other international standards. The audits required by this Section 1207 shall not duplicate the audits of Regional Entity Compliance Monitoring and Enforcement Programs provided for in **Appendix 4A**, Audit of Regional Compliance Programs, to these Rules of Procedure.

1208. Process for Considering Registered Entity Requests to Transfer to Another Regional Entity

1. A Registered Entity that is registered in the Region of one Regional Entity and believes its registration should be transferred to a different Regional Entity may submit a written request to both Regional Entities requesting that they process the proposed transfer in accordance with this section. The Registered Entity's written request shall set forth the reasons the Registered Entity believes justify the proposed transfer and shall describe any impacts of the proposed transfer on other Bulk Power System owners, operators, and users.
2. After receiving the Registered Entity's written request, the two Regional Entities shall consult with each other as to whether they agree or disagree that the requested transfer is appropriate. The Regional Entities may also consult with affected Reliability Coordinators, Balancing Authorities and Transmission Operators as appropriate. Each Regional Entity shall post the request on its website for public comment period of 21 days. In evaluating the proposed transfer, the Regional Entities shall consider the location of the Registered Entity's Bulk Power System facilities in relation to the geographic and electrical boundaries of the respective Regions; the impacts of the proposed transfer on other Bulk Power System owners, operators; and users, the impacts of the proposed transfer on the current and future staffing, resources, budgets and assessments to other Load-Serving Entities of each Regional Entity, including the sufficiency of the proposed transferee Regional Entity's staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity; the Registered Entity's compliance history with its current Regional Entity; and the manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity would be transitioned from the current Regional Entity to the transferee Regional Entity; along with any other reasons for the proposed transfer stated by the Registered Entity and any other reasons either Regional Entity considers relevant. The Regional Entities may

request that the Registered Entity provide additional data and information concerning the proposed transfer for the Regional Entities' use in their evaluation. The Registered Entity's current Regional Entity shall notify the Registered Entity in writing as to whether (i) the two Regional Entities agree that the requested transfer is appropriate, (ii) the two Regional Entities agree that the requested transfer is not appropriate and should not be processed further, or (iii) the two Regional Entities disagree as to whether the proposed transfer is appropriate.

3. If the two Regional Entities agree that the requested transfer is appropriate, they shall submit a joint written request to NERC requesting that the proposed transfer be approved and that the delegation agreement between NERC and each of the Regional Entities be amended accordingly. The Regional Entities' joint written submission to NERC shall describe the reasons for the proposed transfer; the location of the Registered Entity's Bulk Power System Facilities in relation to the geographic and electrical boundaries of the respective Regions; the impacts of the proposed transfer on other Bulk Power System owners, operators, and users; the impacts of the proposed transfer on the current and future staffing, resources, budgets and assessments of each Regional Entity, including the sufficiency of the proposed transferee Regional Entity's staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity; the Registered Entity's compliance history with its current Regional Entity; and the manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity will be transitioned from the current Regional Entity to the transferee Regional Entity. The NERC Board of Trustees shall consider the proposed transfer based on the submissions of the Regional Entities and any other information the Board considers relevant, and shall approve or disapprove the proposed transfer and the related delegation agreement amendments. The NERC Board may request that the Regional Entities provide additional information, or obtain additional information from the Registered Entity, for the use of the NERC Board in making its decision. If the NERC Board approves the proposed transfer, NERC shall file the related delegation agreements with FERC for approval.
4. If the two Regional Entities do not agree with each other that the proposed transfer is appropriate, the Regional Entity supporting the proposed transfer shall, if requested by the Registered Entity, submit a written request to NERC to approve the transfer and the related delegation agreement amendments. The Regional Entity's written request shall include the information specified in Section 1208.3. The Regional Entity that does not believe the proposed transfer is appropriate will be allowed to submit a written statement to NERC explaining why the Regional Entity believes the transfer is not appropriate and should not be approved. The NERC Board of Trustees shall consider the proposed transfer based on the submissions of the Regional Entities and any other information the Board considers relevant, and shall approve or disapprove the proposed transfer and the related delegation agreement amendments. The NERC Board may request that the Regional Entities provide additional information, or obtain additional

information from the Registered Entity, for the use of the NERC Board in making its decision. If the NERC Board approves the proposed transfer, NERC shall file the related delegation agreements with FERC for approval.

5. Prior to action by the NERC Board of Trustees on a proposed transfer of registration under Section 1208.3 or 1208.4, NERC shall post information concerning the proposed transfer, including the submissions from the Regional Entities, on its website for at least twenty-one (21) days for the purpose of receiving public comment.
6. If the NERC Board of Trustees disapproves a proposed transfer presented to it pursuant to either Section 1208.3 or 1208.4, the Regional Entity or Regional Entities that believe the transfer is appropriate may, if requested to do so by the Registered Entity, file a petition with FERC pursuant to 18 C.F.R. section 39.8(f) and (g) requesting that FERC order amendments to the delegation agreements of the two Regional Entities to effectuate the proposed transfer.
7. No transfer of a Registered Entity from one Regional Entity to another Regional Entity shall be effective (i) unless approved by FERC, and (ii) any earlier than the first day of January of the second calendar year following approval by FERC, unless an earlier effective date is agreed to by both Regional Entities and NERC and approved by FERC.

SECTION 1300 — COMMITTEES

1301. Establishing Standing Committees

The Board may from time to time create standing committees. In doing so, the Board shall approve the charter of each committee and assign specific authority to each committee necessary to conduct business within that charter. Each standing committee shall work within its Board-approved charter and shall be accountable to the Board for performance of its Board-assigned responsibilities. A NERC standing committee may not delegate its assigned work to a member forum, but, in its deliberations, may request the opinions of and consider the recommendations of a member forum.

1302. Committee Membership

Each committee shall have a defined membership composition that is explained in its charter. Committee membership may be unique to each committee, and can provide for balanced decision-making by providing for representatives from each Sector or, where Sector representation will not bring together the necessary diversity of opinions, technical knowledge and experience in a particular subject area, by bringing together a wide diversity of opinions from industry experts with outstanding technical knowledge and experience in a particular subject area. Committee membership shall also provide the opportunity for an equitable number of members from the United States and Canada, based approximately on proportionate Net Energy for Load. All committees and other subgroups (except for those organized on other than a Sector basis because Sector representation will not bring together the necessary diversity of opinions, technical knowledge and experience in a particular subject area) must ensure that no two stakeholder Sectors are able to control the vote on any matter, and no single Sector is able to defeat a matter. With regard to committees and subgroups pertaining to development of, interpretation of, or compliance with Reliability Standards, NERC shall provide a reasonable opportunity for membership from Sectors desiring to participate. Committees and subgroups organized on other than a Sector basis shall be reported to the NERC Board and the Member Representatives Committee, along with the reasons for constituting the committee or subgroup in the manner chosen. In such cases and subject to reasonable restrictions necessary to accomplish the mission of such committee or subgroup, NERC shall provide a reasonable opportunity for additional participation, as members or official observers, for Sectors not represented on the committee or subgroup.

1303. Procedures for Appointing Committee Members

Committee members shall be nominated and selected in a manner that is open, inclusive, and fair. Unless otherwise stated in these Rules of Procedure or approved by the Board, all committee member appointments shall be approved by the board, and committee officers shall be appointed by the Chairman of the Board.

1304. Procedures for Conduct of Committee Business

1. Notice to the public of the dates, places, and times of meetings of all committees, and all nonconfidential material provided to committee members, shall be posted

on NERC's website at approximately the same time that notice is given to committee members. Meetings of all standing committees shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; provided that the meeting may be held in or adjourn to closed session to discuss matters of a confidential nature, including but not limited to personnel matters, compliance enforcement matters, litigation, or commercially sensitive or Critical Energy Infrastructure Information of any entity.

2. NERC shall maintain a set of procedures, approved by the Board, to guide the conduct of business by standing committees.

1305. Committee Subgroups

Standing committees may appoint subgroups using the same principles as in Section 1302.

SECTION 1400 — AMENDMENTS TO THE NERC RULES OF PROCEDURE

1401. Proposals for Amendment or Repeal of Rules of Procedure

In accordance with the Bylaws of NERC, requests to amend or repeal the Rules of Procedure may be submitted by (1) any fifty Members of NERC, which number shall include Members from at least three membership Sectors, (2) the Member Representatives Committee, (3) a committee of NERC to whose function and purpose the Rule of Procedure pertains, or (4) an officer of NERC.

1402. Approval of Amendment or Repeal of Rules of Procedure

Amendment to or repeal of Rules of Procedure shall be approved by the Board after public notice and opportunity for comment in accordance with the Bylaws of NERC. In approving changes to the Rules of Procedure, the Board shall consider the inputs of the Member Representatives Committee, other ERO committees affected by the particular changes to the Rules of Procedure, and other stakeholders as appropriate. After Board approval, the amendment or repeal shall be submitted to the Applicable Governmental Authorities for approval, where authorized by legislation or agreement. No amendment to or repeal of the Rules of Procedure shall be effective until it has been approved by the Applicable Governmental Authorities.

SECTION 1500 — CONFIDENTIAL INFORMATION

1501. Definitions

1. **Confidential Information** means (i) Confidential Business and Market Information; (ii) Critical Energy Infrastructure Information; (iii) personnel information that identifies or could be used to identify a specific individual, or reveals personnel, financial, medical, or other personal information; (iv) work papers, including any records produced for or created in the course of an evaluation or audit; (v) investigative files, including any records produced for or created in the course of an investigation; or (vi) Cyber Security Incident Information; provided, that public information developed or acquired by an entity shall be excluded from this definition.
2. **Confidential Business and Market Information** means any information that pertains to the interests of any entity, that was developed or acquired by that entity, and that is proprietary or competitively sensitive.
3. **Critical Energy Infrastructure Information** means specific engineering, vulnerability, or detailed design information about proposed or existing Critical Infrastructure that (i) relates details about the production, generation, transportation, transmission, or distribution of energy; (ii) could be useful to a person in planning an attack on Critical Infrastructure; and (iii) does not simply give the location of the Critical Infrastructure.
4. **Critical Infrastructure** means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.
5. **Cyber Security Incident Information** means any information related to, describing, or which could be used to plan or cause a Cyber Security Incident.

1502. Protection of Confidential Information

1. **Identification of Confidential Information** — An owner, operator, or user of the Bulk Power System and any other party (the “Submitting Entity”) shall mark as confidential any information that it submits to NERC or a Regional Entity (the “Receiving Entity”) that it reasonably believes contains Confidential Information as defined by these Rules of Procedure, indicating the category or categories defined in Section 1501 in which the information falls. If the information is subject to a prohibition on public disclosure in the Commission-approved rules of a regional transmission organization or independent system operator or a similar prohibition in applicable federal, state, or provincial laws, the Submitting Entity shall so indicate and provide supporting references and details.
2. **Confidentiality** — Except as provided herein, a Receiving Entity shall keep in confidence and not copy, disclose, or distribute any Confidential Information or

any part thereof without the permission of the Submitting Entity, except as otherwise legally required.

3. **Information no longer Confidential** – If a Submitting Entity concludes that information for which it had sought confidential treatment no longer qualifies for that treatment, the Submitting Entity shall promptly so notify NERC or the relevant Regional Entity.

1503. Requests for Information

1. **Limitation** — A Receiving Entity shall make information available only to one with a demonstrated need for access to the information from the Receiving Entity.
2. **Form of Request** — A person with such a need may request access to information by using the following procedure:
 - 2.1 The request must be in writing and clearly marked “Request for Information.”
 - 2.2 The request must identify the individual or entity that will use the information, explain the requester’s need for access to the information, explain how the requester will use the information in furtherance of that need, and state whether the information is publicly available or available from another source or through another means. If the requester seeks access to information that is subject to a prohibition on public disclosure in the Commission-approved rules of a regional transmission organization or independent system operator or a similar prohibition in applicable federal, state, or provincial laws, the requester shall describe how it qualifies to receive such information.
 - 2.3 The request must stipulate that, if the requester does not seek public disclosure, the requester will maintain as confidential any information received for which a Submitting Party has made a claim of confidentiality in accordance with NERC’s rules. As a condition to gaining access to such information, a requester shall execute a non-disclosure agreement in a form approved by NERC’s Board of Trustees.
3. **Notice and Opportunity for Comment** — Prior to any decision to disclose information marked as confidential, the Receiving Entity shall provide written notice to the Submitting Entity and an opportunity for the Submitting Entity to either waive objection to disclosure or provide comments as to why the Confidential Information should not be disclosed. Failure to provide such comments or otherwise respond is not deemed waiver of the claim of confidentiality.
4. **Determination by ERO or Regional Entity** — Based on the information provided by the requester under Rule 1503.2, any comments provided by the Submitting Entity, and any other relevant available information, the chief

executive officer or his or her designee of the Receiving Entity shall determine whether to disclose such information.

5. **Appeal** — A person whose request for information is denied in whole or part may appeal that determination to the President of NERC (or the President’s designee) within 30 days of the determination. Appeals filed pursuant to this Section must be in writing, addressed to the President of NERC (or the President’s designee), and clearly marked “Appeal of Information Request Denial.”

NERC will provide written notice of such appeal to the Submitting Entity and an opportunity for the Submitting Entity to either waive objection to disclosure or provide comments as to why the Confidential Information should not be disclosed; provided that any such comments must be received within 30 days of the notice and any failure to provide such comments or otherwise respond is not deemed a waiver of the claim of confidentiality.

The President of NERC (or the President’s designee) will make a determination with respect to any appeal within 30 days. In unusual circumstances, this time limit may be extended by the President of NERC (or the President’s designee), who will send written notice to the requester setting forth the reasons for the extension and the date on which a determination on the appeal is expected.

6. **Disclosure of Information** — In the event the Receiving Entity, after following the procedures herein, determines to disclose information designated as Confidential Information, it shall provide the Submitting Entity no fewer than 21 days’ written notice prior to releasing the Confidential Information in order to enable such Submitting Entity to (a) seek an appropriate protective order or other remedy, (b) consult with the Receiving Entity with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. Should a Receiving Entity be required to disclose Confidential Information, or should the Submitting Entity waive objection to disclosure, the Receiving Entity shall furnish only that portion of the Confidential Information which the Receiving Entity’s counsel advises is legally required.
7. **Posting of Determinations on Requests for Disclosure of Confidential Information** — Upon making its determination on a request for disclosure of Confidential Information, NERC or the Regional Entity, as applicable, shall (i) notify the requester that the request for disclosure is granted or denied, (ii) publicly post any determination to deny the request to disclose Confidential Information, including in such posting an explanation of the reasons for the denial (but without in such explanation disclosing the Confidential Information), and (iii) publicly post any determination that information claimed by the Submitting Entity to be Confidential Information is not Confidential Information (but without in such posting disclosing any information that has been determined to be Confidential Information).

1504. Employees, Contractors and Agents

A Receiving Entity shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein.

1505. Provision of Information to FERC and Other Governmental Authorities

1. **Request** — A request from FERC for reliability information with respect to owners, operators, and users of the Bulk Power System within the United States is authorized by Section 215 of the Federal Power Act. Other Applicable Governmental Authorities may have similar authorizing legislation that grants a right of access to such information. Unless otherwise directed by FERC or its staff or the other Applicable Governmental Authority requesting the information, upon receiving such a request, a Receiving Entity shall provide contemporaneous notice to the applicable Submitting Entity. In its response to such a request, a Receiving Entity shall preserve any mark of confidentiality and shall notify FERC or other Applicable Governmental Authorities that the Submitting Entity has marked the information as confidential.
2. **Continued Confidentiality** — Each Receiving Entity shall continue to treat as confidential all Confidential Information that it has submitted to NERC or to FERC or another Applicable Governmental Authority, until such time as FERC or the other Applicable Governmental Authority authorizes disclosure of such information.

1506. Permitted Disclosures

1. **Confirmed Violations** — Nothing in this Section 1500 shall prohibit the disclosure of a violation at the point when the matter is filed with an Applicable Governmental Authority as a Notice of Penalty, the “violator” admits to the violation, or the alleged violator and NERC or the Regional Entity reach a settlement regarding the violation.
2. **Compliance Information** — NERC and the Regional Entities are authorized to exchange Confidential Information related to evaluations, Compliance Audits, and Compliance Investigations in furtherance of the Compliance Monitoring and Enforcement Program, on condition they continue to maintain the confidentiality of such information.

1507. Remedies for Improper Disclosure

Any person engaged in NERC or Regional Entity activity under Section 215 of the Federal Power Act or the equivalent laws of other Applicable Governmental Authorities who improperly discloses information determined to be confidential may lose access to Confidential Information on a temporary or permanent basis and may be subject to adverse personnel action, including suspension or termination. Nothing in Section 1500

precludes an entity whose information was improperly disclosed from seeking a remedy in an appropriate court.

SECTION 1600 — REQUESTS FOR DATA OR INFORMATION

1601. Scope of a NERC or Regional Entity Request for Data or Information

Within the United States, NERC and Regional Entities may request data or information that is necessary to meet their obligations under Section 215 of the Federal Power Act, as authorized by Section 39.2(d) of the Commission’s regulations, 18 C.F.R. § 39.2(d). In other jurisdictions NERC and Regional Entities may request comparable data or information, using such authority as may exist pursuant to these Rules of Procedure and as may be granted by Applicable Governmental Authorities in those other jurisdictions. The provisions of Section 1600 shall not apply to Requirements contained in any Reliability Standard to provide data or information; the Requirements in the Reliability Standards govern. The provisions of Section 1600 shall also not apply to data or information requested in connection with a compliance or enforcement action under Section 215 of the Federal Power Act, Section 400 of these Rules of Procedure, or any procedures adopted pursuant to those authorities, in which case the Rules of Procedure applicable to the production of data or information for compliance and enforcement actions shall apply.

1602. Procedure for Authorizing a NERC Request for Data or Information

1. NERC shall provide a proposed request for data or information or a proposed modification to a previously-authorized request, including the information specified in Section 1602.2.1 or 1602.2.2 as applicable, to the Commission’s Office of Electric Reliability at least twenty-one (21) days prior to initially posting the request or modification for public comment. Submission of the proposed request or modification to the Office of Electric Reliability is for the information of the Commission. NERC is not required to receive any approval from the Commission prior to posting the proposed request or modification for public comment in accordance with Section 1602.2 or issuing the request or modification to Reporting Entities following approval by the Board of Trustees.
2. NERC shall post a proposed request for data or information or a proposed modification to a previously authorized request for data or information for a forty-five (45) day public comment period.
 - 2.1. A proposed request for data or information shall contain, at a minimum, the following information: (i) a description of the data or information to be requested, how the data or information will be used, and how the availability of the data or information is necessary for NERC to meet its obligations under applicable laws and agreements; (ii) a description of how the data or information will be collected and validated; (iii) a description of the entities (by functional class and jurisdiction) that will be required to provide the data or information (“Reporting Entities”); (iv) the schedule or due date for the data or information; (v) a description of any restrictions on disseminating the data or information (e.g., “Confidential Information,” “Critical Energy Infrastructure Information,”

“aggregating” or “identity masking”); and (vi) an estimate of the relative burden imposed on the Reporting Entities to accommodate the data or information request.

- 2.2. A proposed modification to a previously authorized request for data or information shall explain (i) the nature of the modifications; (ii) an estimate of the burden imposed on the Reporting Entities to accommodate the modified data or information request, and (iii) any other items from Section 1602.2.1 that require updating as a result of the modifications.
3. After the close of the comment period, NERC shall make such revisions to the proposed request for data or information as are appropriate in light of the comments. NERC shall submit the proposed request for data or information, as revised, along with the comments received, NERC’s evaluation of the comments and recommendations, to the Board of Trustees.
4. In acting on the proposed request for data or information, the Board of Trustees may authorize NERC to issue it, modify it, or remand it for further consideration.
5. NERC may make minor changes to an authorized request for data or information without Board approval. However, if a Reporting Entity objects to NERC in writing to such changes within 21 days of issuance of the modified request, such changes shall require Board approval before they are implemented.
6. Authorization of a request for data or information shall be final unless, within thirty (30) days of the decision by the Board of Trustees, an affected party appeals the authorization under this Section 1600 to the Applicable Governmental Authority.

1603. Owners, Operators, and Users to Comply

Owners, operators, and users of the Bulk Power System registered on the NERC Compliance Registry shall comply with authorized requests for data and information. In the event a Reporting Entity within the United States fails to comply with an authorized request for data or information under Section 1600, NERC may request the Commission to exercise its enforcement authority to require the Reporting Entity to comply with the request for data or information and for other appropriate enforcement action by the Commission. NERC will make any request for the Commission to enforce a request for data or information through a non-public submission to the Commission’s enforcement staff.

1604. Requests by Regional Entity for Data or Information

1. A Regional Entity may request that NERC seek authorization for a request for data or information to be applicable within the Region of the Regional Entity, either as a freestanding request or as part of a proposed NERC request for data or information. Any such request must be consistent with this Section 1600.

2. A Regional Entity may also develop its own procedures for requesting data or information, but any such procedures must include at least the same procedural elements as are included in this Section 1600. Any such Regional Entity procedures or changes to such procedures shall be submitted to NERC for approval. Upon approving such procedures or changes thereto, NERC shall file the proposed procedures or proposed changes for approval by the Commission and any other Applicable Governmental Authorities applicable to the Regional Entity. The Regional Entity procedures or changes to such procedures shall not be effective in a jurisdiction until approved by, and in accordance with any revisions directed by, the Commission or other Applicable Governmental Authority.

1605. Confidentiality

If the approved data or information request includes a statement under Section 1602.1.1(v) that the requested data or information will be held confidential or treated as Critical Energy Infrastructure Information, then the applicable provisions of Section 1500 will apply without further action by a Submitting Entity. A Submitting Entity may designate any other data or information as Confidential Information pursuant to the provisions of Section 1500, and NERC or the Regional Entity shall treat that data or information in accordance with Section 1500. NERC or a Regional Entity may utilize additional protective procedures for handling particular requests for data or information as may be necessary under the circumstances.

1606. Expedited Procedures for Requesting Time-Sensitive Data or Information

1. In the event NERC or a Regional Entity must obtain data or information by a date or within a time period that does not permit adherence to the time periods specified in Section 1602, the procedures specified in Section 1606 may be used to obtain the data or information. Without limiting the circumstances in which the procedures in Section 1606 may be used, such circumstances include situations in which it is necessary to obtain the data or information (in order to evaluate a threat to the reliability or security of the Bulk Power System, or to comply with a directive in an order issued by the Commission or by another Applicable Governmental Authority) within a shorter time period than possible under Section 1602. The procedures specified in Section 1606 may only be used if authorized by the NERC Board of Trustees prior to activation of such procedures.
2. Prior to posting a proposed request for data or information, or a modification to a previously-authorized request, for public comment under Section 1606, NERC shall provide the proposed request or modification, including the information specified in paragraph 1602.2.1 or 1602.2.2 as applicable, to the Commission's Office of Electric Reliability. The submission to the Commission's Office of Electric Reliability shall also include an explanation of why it is necessary to use the expedited procedures of Section 1606 to obtain the data or information. The submission shall be made to the Commission's Office of Electric Reliability as far in advance, up to twenty-one (21) days, of the posting of the proposed request or modification for public comments as is

- reasonably possible under the circumstances, but in no event less than two (2) days in advance of the public posting of the proposed request or modification.
3. NERC shall post the proposed request for data or information or proposed modification to a previously-authorized request for data or information for a public comment period that is reasonable in duration given the circumstances, but in no event shorter than five (5) days. The proposed request for data or information or proposed modification to a previously-authorized request for data or information shall include the information specified in Section 1602.2.1 or 1602.2.2, as applicable, and shall also include an explanation of why it is necessary to use the expedited procedures of Section 1606 to obtain the data or information.
 4. The provisions of Sections 1602.3, 1602.4, 1602.5 and 1602.6 shall be applicable to a request for data or information or modification to a previously-authorized request for data or information developed and issued pursuant to Section 1606, except that (a) if NERC makes minor changes to an authorized request for data or information without Board approval, such changes shall require Board approval if a Reporting Entity objects to NERC in writing to such changes within five (5) days of issuance of the modified request; and (b) authorization of the request for data or information shall be final unless an affected party appeals the authorization of the request by the Board of Trustees to the Applicable Governmental Authority within five (5) days following the decision of the Board of Trustees authorizing the request, which decision shall be promptly posted on NERC's website.

SECTION 1700 — CHALLENGES TO DETERMINATIONS

1701. Scope of Authority

Section 1702 sets forth the procedures to be followed for Registered Entities to challenge determinations made by Planning Coordinators under Reliability Standard PRC-023. Section 1703 sets forth the procedures to be followed when a Submitting Entity or Owner wishes to challenge a determination by NERC to approve or to disapprove an Exception Request or to terminate an Exception under Section 509.

1702. Challenges to Determinations by Planning Coordinators Under Reliability Standard PRC-023

1. This Section 1702 establishes the procedures to be followed when a Registered Entity wishes to challenge a determination by a Planning Coordinator of the sub-200 kV circuits in its Planning Coordinator area for which Transmission Owners, Generator Owners, and Distribution Providers (defined as “Registered Entities” for purposes of this Section 1702) must comply with the requirements of Reliability Standard PRC-023.
2. Planning Coordinator Procedures
 - 2.1 Each Planning Coordinator shall establish a procedure for a Registered Entity to submit a written request for an explanation of a determination made by the Planning Coordinator under PRC-023.
 - 2.2 A Registered Entity shall follow the procedure established by the Planning Coordinator for submitting the request for explanation and must submit any such request within 60 days of receiving the determination under PRC-023 from the Planning Coordinator.
 - 2.3 Within 30 days of receiving a written request from a Registered Entity, the Planning Coordinator shall provide the Registered Entity with a written explanation of the basis for its determination under PRC-023, unless the Planning Coordinator provided a written explanation of the basis for its determination when it initially informed the Registered Entity of its determination.
3. A Registered Entity may challenge the determination of the Planning Coordinator by filing with the appropriate Regional Entity, with a copy to the Planning Coordinator, within 60 days of receiving the written explanation from the Planning Coordinator. The challenge shall include the following: (a) an explanation of the technical reasons for its disagreement with the Planning Coordinator’s determination, along with any supporting documentation, and (b) a copy of the Planning Coordinator’s written explanation. Within 30 days of receipt of a challenge, the Planning Coordinator may file a response to the Regional Entity, with a copy to the Registered Entity.

4. The filing of a challenge in good faith shall toll the time period for compliance with PRC-023 with respect to the subject facility until such time as the challenge is withdrawn, settled or resolved.
5. The Regional Entity shall issue its written decision setting forth the basis of its determination within 90 days after it receives the challenge and send copies of the decision to the Registered Entity and the Planning Coordinator. The Regional Entity may convene a meeting of the involved entities and may request additional information. The Regional Entity shall affirm the determination of the Planning Coordinator if it is supported by substantial evidence.
6. A Planning Coordinator or Registered Entity affected by the decision of the Regional Entity may, within 30 days of the decision, file an appeal with NERC, with copies to the Regional Entity and the Planning Coordinator or Registered Entity. The appeal shall state the basis of the objection to the decision of the Regional Entity and shall include the Regional Entity decision, the written explanation of the Planning Coordinator's determination under PRC-023, and the documents and reasoning filed by the Registered Entity with the Regional Entity in support of its objection. The Regional Entity, Planning Coordinator or Registered Entity may file a response to the appeal within 30 days of the appeal.
7. The Board of Trustees shall appoint a panel to decide appeals from Regional Entity decisions under Section 1702.5. The panel, which may contain alternates, shall consist of at least three appointees, one of whom must be a member of the NERC staff, who are knowledgeable about PRC-023 and transmission planning and do not have a direct financial or business interest in the outcome of the appeal. The panel shall decide the appeal within 90 days of receiving the appeal from the decision of the Regional Entity and shall affirm the determination of the Planning Coordinator if it is supported by substantial evidence.
8. The Planning Coordinator or Registered Entity affected by the decision of the panel may request that the Board of Trustees review the decision by filing its request for review and a statement of reasons with NERC's Chief Reliability Officer within 30 days of the panel decision. The Board of Trustees may, in its discretion, decline to review the decision of the panel, in which case the decision of the panel shall be the final NERC decision. Within 90 days of the request for review under this Section 1702.8, the Board of Trustees may either (a) issue a decision on the merits, which shall be the final NERC decision, or (b) issue a notice declining to review the decision of the panel, in which case the decision of the panel shall be the final NERC decision. If no written decision or notice declining review is issued within 90 calendar days, the appeal shall be deemed to have been denied by the Board of Trustees and this will have the same effect as a notice declining review.
9. The Registered Entity or Planning Coordinator may appeal the final NERC decision to the Applicable Governmental Authority within 30 days of receipt of

the Board of Trustees' final decision or notice declining review, or expiration of the 90-day review period without any action by NERC.

10. The Planning Coordinator and Registered Entity are encouraged, but not required, to meet to resolve any dispute, including use of mutually agreed to alternative dispute resolution procedures, at any time during the course of the matter. In the event resolution occurs after the filing of a challenge, the Registered Entity and Planning Coordinator shall jointly provide to the applicable Regional Entity a written acknowledgement of withdrawal of the challenge or appeal, including a statement that all outstanding issues have been resolved.

1703. Challenges to NERC Determinations of BES Exception Requests Under Section 509

1. This Section 1703 establishes the procedures to be followed when a Submitting Entity or Owner wishes to challenge a determination by NERC to approve or to disapprove an Exception Request or to terminate an Exception under Section 509.
2. A Submitting Entity (or Owner if different) aggrieved by the decision of NERC to approve or disapprove an Exception Request or to terminate an Exception with respect to any Element may, within 30 days following the date of the decision, file a written challenge to the decision with the NERC director of compliance operations, with copies to the Regional Entity and the Submitting Entity or Owner if different. The challenge shall state the basis of the objection to the decision of NERC. The Regional Entity, and the Submitting Entity or Owner if different, may file a response to the challenge within 30 days following the date the challenge is filed with NERC.
3. The challenge shall be decided by the Board of Trustees Compliance Committee. Within 90 days of the date of submission of the challenge, the Board of Trustees Compliance Committee shall issue its decision on the challenge. The decision of the Board of Trustees Compliance Committee shall be the final NERC decision; provided, that the Board of Trustees Compliance Committee may extend the deadline date for its decision to a date more than 90 days following submission of the challenge, by issuing a notice to the Submitting Entity, the Owner (if different) and the Regional Entity stating the revised deadline date and the reason for the extension.
4. The Submitting Entity, or Owner if different, may appeal the final NERC decision to, or seek review of the final NERC decision by, the Applicable Governmental Authority(ies), in accordance with the legal authority and rules and procedures of the Applicable Governmental Authority(ies). Any such appeal shall be filed within thirty (30) days following the date of the decision of the Board of Trustees Compliance Committee, or within such other time period as is provided for in the legal authority, rules or procedures of the Applicable Governmental Authority.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Appendix 5A

Organization Registration and Certification Manual

Effective Date: DATE

RELIABILITY | ACCOUNTABILITY



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Section I — Executive Summary

Overview

The purpose of this document is twofold: (1) to define the process utilized in the Organization Registration Program for identifying which functional entities must register as owners, operators, and users of the Bulk Power System (BPS) for compliance with Reliability Standards; and (2) to define the process utilized in the Organization Certification Program for certifying the following entities: Reliability Coordinator (RC), Balancing Authority (BA), and Transmission Operator (TOP). The North American Electric Reliability Corporation (NERC) Compliance and Certification Committee (CCC) is responsible for approving and forwarding these processes to the NERC Board of Trustees (Board) for its approval. Where a proposal for revisions to these processes comes to the Board from sources other than the CCC, the Board will seek the concurrence of the CCC before taking action on the proposal.

To Whom Does This Document Apply?

All industry participants responsible for or intending to be responsible for, the following functions must register with NERC through the Organization Registration process. The entities are defined in the NERC *Statement of Compliance Registry Criteria*, set forth in **Appendix 5B** to the NERC Rules of Procedure (ROP), with responsibilities designated by the individual Reliability Standards or by a sub-set list of the otherwise applicable Reliability Standards. Such sub-set list will specify the Reliability Standards and may specify Requirements/sub-Requirements by NERC, in which case the entity will be responsible for compliance with only such sub-set list, in accordance with **Appendix 5B** to the NERC ROP.

	Entities that Must Register	Entities that Need to be Certified
Reliability Coordinator (RC)	√	√
Transmission Operator (TOP)	√	√
Balancing Authority (BA)	√	√
Planning Authority (PA)	√	
Transmission Planner (TP)	√	
Transmission Service Provider (TSP)	√	
Transmission Owner (TO)	√	
Resource Planner (RP)	√	
Distribution Provider (DP)	√	
Generator Owner (GO)	√	
Generator Operator (GOP)	√	
Reserve Sharing Group (RSG)	√	

When did These Processes Begin?

The initial Registration process began in January of 2006. Registration of new entities is an ongoing process. If a Registered Entity's information changes, these changes must be submitted to the applicable Regional Entity(s).

Certification is ongoing for new entities in accordance with Section IV of this manual.

Where to Access and Submit Form(s)?

Registration and Certification forms are provided on each Regional Entity's website. Completed forms are to be sent electronically to the Compliance and Certification Manager of the applicable Regional Entity(s). It is desirable

that entities operate within a single Regional Entity Region; however, if an entity operates in more than one Region, separate Registration applications must be completed and submitted to each of the Regional Entities.

Service

Unless otherwise provided, service may be made by personal delivery, email, deposit in the United States mail properly addressed with first class postage prepaid, registered mail properly addressed with postage prepaid or deposit with a private express courier service properly addressed with charges prepaid or payment arrangements made.

Roles and Responsibilities

The following is a high-level overview of the roles and responsibilities in the Registration and Certification processes:

NERC

1. Oversight of entity processes performed by the Regional Entities, including:
 - a. Governance per the Regional Entity’s delegation agreement with NERC.
 - b. Coordination of process execution when an entity is registering and/or certifying with multiple Regional Entities.
2. Manage each entity’s NERC Compliance Registry identification number (NERC ID) including:
 - a. Sending a Registration or Certification letter that contains the NERC ID to the applicable Regional Entity(ies) for review and approval. If the Regional Entity(ies) agrees with all the information provided, it will notify NERC to issue the NERC ID to the Registered Entity and will send a copy of the notification being provided to the Regional Entity(ies).
 - b. Ensuring each Registered Entity has only one NERC ID for all Regional Entities in which registered.
3. Make modeling changes based on Registration information.
4. Maintain accurate Registration and Certification records including granting Certification certificates for the Registered Entity(ies) responsible for compliance (including Joint Registration Organization (JRO)/Coordinated Functional Registration (CFR)).
5. Maintain published up-to-date list of Registered Entities (i.e. the NERC Compliance Registry (NCR)) on the NERC website. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.
6. Lead panel reviews in accordance with **Appendix 5A**, *Organization Registration and Organization Certification Manual*, Section III.D and **Appendix 5B**, *Statement of Compliance Registry Criteria*.

Regional Entity

1. Performs data collection and Mapping of BPS Facilities and those Facilities that have a material impact on the BPS within its Regional Entity defined reliability Region boundaries.
2. Approves or disapproves entity Registration applications.
3. Reviews entity Certification applications for completeness.
4. Notifies NERC of entities registered with the Regional Entity.
5. Approves or denies Certification Team (CT) recommendations and notifies the entity and NERC of the decision.

6. Provides leadership to the CT throughout the Certification process.

Entity Submitting the Application

1. Completes and submits Registration and/or Certification application.
2. Submits updates to Registration and/or Certification information as necessary and/or requested.
3. Responds to Regional Entity and/or NERC questions pertaining to Registration and/or Certification.
4. Provides documentation or other evidence requested or required to verify compliance with Certification requirements.

Section II — Introduction to Organization Registration and Organization Certification Processes

The processes utilized to implement the Organization Registration and Organization Certification Programs are administered by each Regional Entity. Pursuant to its delegation agreement with NERC, each Regional Entity is responsible for registering and certifying industry participants within its Regional Entity reliability Region boundaries. Each Regional Entity must use the following NERC processes.

Organization Registration — Entities Required to Register

All industry participants responsible for one or more of the functions below must register for each function through the Organization Registration Program. These entities are defined in the NERC *Statement of Compliance Registry Criteria*.

- RC
- TOP
- BA
- PA
- TP
- TSP
- TO
- RP
- DP
- GO
- GOP
- RSG

The Registration procedure is in Section III of this manual.

Organization Certification

All Registered Entities registered in the NCR for the RC, TOP, and/or BA functions shall be certified. Certification requires the Registered Entity to start operation within 12 months of being NERC certified. This Certification process is described in Section IV of this manual.

Section III — Organization Registration Process

Purpose and Scope

The purpose and scope of this process is to provide guidance on how a user, owner, and/or operator of the BPS should be registered in the NCR.

Overview

Section 39.2 of the Commission’s regulations, and Title 18 of the C.F.R. § 39.2, requires each owner, operator, and user of the BPS to be registered with NERC and to comply with approved Reliability Standards.

Owners, operators, and users of the BPS will be registered by function(s) and are:

1. Responsible for compliance with all applicable Requirements/sub-Requirements within Reliability Standards approved by Applicable Governmental Authorities, for the applicable functions for which the Registered Entity is registered, except to the extent that an entity is granted a sub-set list of applicable Reliability Standards, which specifies the Reliability Standards and may specify Requirements/sub-Requirements by NERC, in which case the entity will be responsible for compliance with only such sub-set list; and,
2. Subject to the compliance monitoring and enforcement requirements of Section 400 of the ROP.

See Figure 1A Organization Registration Process Overview.

A. Organization Registration Process

1. Applicable entities shall begin the Registration process by submitting a completed Registration application to the Regional Entity(ies) of the reliability Region(s) where the entity intends to perform its function(s) (Registration forms are provided on each Regional Entity’s website).
 - a. At any time, an entity may recommend in writing, with supporting documentation, to the Regional Entity(ies) that an entity be added to or removed from the Compliance Registry.
 - b. The Registration process for an entity may also be initiated by a Regional Entity, NERC, or Applicable Governmental Authority.
 - c. With respect to: (i) entities to be registered for the first time; (ii) currently-registered entities or (iii) previously-registered entities, for which registration status changes are sought, including availability and composition of a sub-set list of applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements), the registration process steps in Section III of **Appendix 5A** apply.
 - d. At any time, an entity whose registration is at issue may request expedited treatment and waiver of applicable timelines. NERC, in its sole discretion, shall determine if such a request will be granted and alternative timelines. NERC’s decision is not a final decision that is subject to appeal.
2. NERC shall coordinate Registration of entities that are required to register with multiple Regional Entities in order to ensure consistency of the Registration process.
3. For entities that are required to be certified, the applicable Regional Entity(ies) shall ensure that the Registration information provided is accurate for updating the NCR per items 4 through 12 below and notifies the entity to initiate the Certification process per Section IV of this manual.
4. Entities that have a NERC ID shall use it on the form.

- a. If an entity does not have a NERC ID, NERC shall assign one.
- b. An entity responsible for more than one function will use a single NERC ID.
5. Regional Entities shall evaluate the submitted information and determine if the information is complete/correct. If the information is not complete/correct, the entity will be notified to complete/correct or clarify the Registration information.
6. A single entity must register for all functions that it performs itself. In addition, that entity may register as a JRO on behalf of one or more of its members or related entities for one or more functions for which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for all Requirements/sub-Requirements of Reliability Standards applicable to that function or those functions including reporting requirements.(ROP Section 507)
7. Multiple entities may each register using a CFR for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function.(ROP Section 508)
8. In completing the Regional Entity responsibilities for the Registration process, the following are key items the Regional Entity must verify:
 - a. That Regional Entity registrations meet the geographical and electrical Registration boundaries requirements of the ROP Section 501(1.4).
 - b. The Registration submission includes all data requested by NERC that is necessary for accurately identifying and contacting the Registered Entity.
9. The Regional Entity shall forward all Registration information to NERC for inclusion of an entity on the NCR:
 - a. If the Registration determination involves (i) the materiality test set forth in the notes in **Appendix 5B, Statement of Compliance Registry Criteria**; (ii) a sub-set list of Reliability Standards (which specifies Requirements and may specify sub-Requirements);¹ or (iii) a dispute by an entity whose registration status is at issue regarding the Regional Entity's application of **Appendix 5B, Statement of Compliance Registry Criteria**, a NERC-led review panel will be convened in accordance with **Appendix 5A, Organization Registration and Organization Certification Manual**, Section III.D.
 - b. Within five business Days of a Registration determination by NERC or the NERC-led review panel, as applicable, NERC will forward the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - c. The Regional Entity has five business Days to respond to the proposed changes.
 - d. If NERC does not receive any comments, the NCR will be revised. If NERC does receive comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
10. NERC updates the NCR and notifies the applicable Registered Entity(ies) within five business Days of the update.

¹ If NERC has established clearly defined criteria for eligibility for a sub-set list of applicable Reliability Standards and has identified the sub-set list that may apply to similarly situated entities, such criteria shall govern the applicability of such sub-set list and such a matter shall not proceed to the NERC-led review panel, unless there is a dispute by the entity whose sub-set list treatment is at issue. (See, e.g., UFLS-Only DPs.)

11. The Registered Entity may appeal the final registration determination by NERC in accordance with the ROP Section 500 and Section V of **Appendix 5A**.
12. The NCR shall be dynamic and will be revised as necessary to take account of changing circumstances such as corrections, revisions, and or deletions. Per the Regional Entity’s delegation agreement, the Regional Entity will take any recommendation received under Section 1.a, and other applicable information, under advisement as it determines whether an entity should be on the NCR.
 - a. Each Registered Entity identified in the NCR shall notify its corresponding Regional Entity and/or NERC of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the Registered Entity’s responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards. (ROP Section 400).
 - b. Each Regional Entity has an independent obligation, even in the absence of a notification by a Registered Entity, to review and submit updates to the NCR to NERC, consistent with the procedures in this Section III, with appropriate notification to the affected entities, to the extent the Regional Entity is aware of, or possesses information that the NCR should be updated. These updates include, but are not limited to, conditions on which the sub-set list are no longer applicable, or where a new and emerging risk to reliability is identified that changes the basis upon which the entity was deactivated, deregistered, or upon which a sub-set list of requirements was made applicable, in addition to deactivation² of entities that no longer meet the applicable registration thresholds. This does not excuse the Registered Entity from its obligation to provide such required notifications.
13. Entities registered or subject to registration as a DP that qualify as Underfrequency Load Shedding (UFLS)-Only DPs shall submit Registration information to the Regional Entity. The UFLS-Only DP shall be subject only to the sub-set list of Reliability Standards identified in **Appendix 5B**. Within 50 Days of the entity’s submission of the Registration information to the Regional Entity, the Regional Entity shall issue a decision as to whether UFLS-Only DP treatment is appropriate. If the Regional Entity concludes that it is, then the Regional Entity shall forward the information to NERC and NERC will forward the proposed additions or changes to the NCR to the Regional Entity for review and comment. The Regional Entity has five business Days to respond to the proposed changes. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly. NERC updates the NCR and notifies the applicable Registered Entity(ies) within five business Days of the update. If the entity whose registration is at issue does not agree with the Regional Entity’s decision regarding UFLS-Only DP treatment, the entity may, within 30 Days of issuance of the decision, seek review by the NERC-led review panel in **Appendix 5A**, *Organization Registration and Organization Certification Manual*, Section III.D. If the entity whose registration is at issue does not agree with the determination of the NERC-led review panel, the entity may file an appeal with the NERC Board Compliance Committee (BOTCC) in accordance with the provisions set forth in Section V of this **Appendix 5A**.
14. The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Section V of **Appendix 5A** if it does not agree with the determination of the NERC-led review panel.
15. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance.³ NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

² See Figure 1B: Deactivation Process Overview

³ References to the term Director of Compliance in the NERC ROP should be read to include an equivalent position.

B. Deactivation Process

1. The term Deactivation refers to removal of an entity from the NCR for a specific functional category.
2. As a result of Deactivation, the entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that functional category.
3. If all functional categories have been deactivated for a given entity, such entity would be deregistered and removed from the NCR. However, the entity's compliance history will be retained. In its letter notifying the entity of its Deactivation or deregistration, as applicable, NERC will notify the entity of the required retention period, in accordance with the NERC ROP.
4. A Registered Entity may submit a request for Deactivation and supporting information to the Regional Entity at any time. Such information shall include:
 - a. Entity name and NCR ID number;
 - b. Functions for which Deactivation is requested; and
 - c. The basis on which Deactivation is requested, including supporting documentation, which may be limited to an attestation, if appropriate.
5. The Regional Entity shall request any additional information from the Registered Entity within 10 Days of receipt of the request for Deactivation.
6. The Registered Entity shall provide the additional information within 20 Days of its request for Deactivation.
7. The Regional Entity will issue a decision within 50 Days of the date of receipt of all requested information from the Registered Entity.
8. If the Regional Entity agrees with the request for Deactivation, it shall forward its Deactivation determination to NERC within five business Days of issuance of the decision.
9. If NERC accepts the Deactivation determination and the Registered Entity agrees with the determination, NERC will forward within five business Days of receipt of the Deactivation determination from the Regional Entity, the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has five business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
10. If the Regional Entity or NERC does not agree with the request for Deactivation, the Registered Entity may seek review by the NERC-led review panel in **Appendix 5A, Organization Registration and Organization Certification Manual**, Section III.D.
11. If the Deactivation determination involves (i) the materiality test set forth in the notes in **Appendix 5B, Statement of Compliance Registry Criteria**; (ii) a determination that a sub-set list of Reliability Standards (which will specify Reliability Standards and may specify Requirements/sub-Requirements) should apply as an alternative to Deactivation;⁴ or (iii) the Registered Entity disagrees with the Regional Entity determination, the determination will be submitted to the NERC-led review panel process in **Appendix**

⁴ If NERC has established clearly defined criteria for eligibility for a sub-set list of applicable Reliability Standards and has identified the sub-set list that may apply to similarly situated entities, such criteria shall govern the applicability of such sub-set list and such a matter shall not proceed to the NERC-led review panel, unless there is a dispute by the entity whose sub-set list treatment is at issue. (See, e.g., UFLS-Only DPs.)

5A, *Organization Registration and Organization Certification Manual*, Section III.D within 30 Days after issuance of the determination.

12. If the NERC-led review panel approves the request for Deactivation, NERC will forward within five business Days of the panel decision, the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has five business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
13. The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Section V of **Appendix 5A** if it does not agree with the determination of the NERC-led review panel.
14. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

C. Reactivation Process

1. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.
2. The term Reactivation refers to re-registration pursuant to the NERC ROP Section 500 and **Appendices 5A and 5B** of an entity to the NCR for a specific functional category or the revocation of, or additions to, a sub-set list of Reliability Standards (which specifies Reliability Standards and may specify Requirements/sub-Requirements) that has been granted to an entity. Reactivation may be initiated by NERC, a Regional Entity or an entity with respect to such entity's own functional categories or sub-set list of Reliability Standards (which specifies Reliability Standards and may specify Requirements/sub-Requirements).
3. Reactivation shall be governed by the procedures in the NERC ROP Section 500 and Section III.A and, as applicable, Section III.D of this **Appendix 5A**.
4. As a result of Reactivation, and consistent with the implementation plan to be developed pursuant to this paragraph, the entity shall prospectively comply with all Reliability Standards applicable to that functional category, or with the sub-set list specified in the Reactivation determination, unless otherwise notified. Within 30 days of a final Reactivation determination, the entity shall submit a proposed implementation plan to the Regional Entity detailing the schedule for complying with any Reliability Standards applicable to the Reactivation. The Regional Entity and Registered Entity shall confer to agree upon such schedule. If the Regional Entity and Registered Entity are unable to agree on the implementation plan, the Regional Entity shall notify the NERC Director of Compliance of the disagreement, and shall provide statements of the Regional Entity's and the Registered Entity's positions, and NERC shall specify a reasonable implementation schedule.
5. The entity's prior compliance history will be retained and shall apply with respect to the Reactivation. In its letter notifying the entity of its Reactivation, NERC will notify the entity of its registration in accordance with the NERC ROP.
6. The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Section V of **Appendix 5A** if it does not agree with the determination of the NERC-led review panel.
7. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

D. NERC-led Review Panel

1. NERC shall establish a NERC-led, centralized review panel, comprised of a NERC lead with Regional Entity participants, to vet requests for Deactivation of, or decisions not to register, an entity that meets Sections I through IV of the Registry Criteria or requests to add an entity that does not meet (i.e., falls below) Sections I through IV of the Registry Criteria, as well as disputes regarding the application of Sections I through IV of the Registration Criteria and requests for a sub-set list of applicable Reliability Standards (which may specify the Requirements/sub-Requirements).
 - a. The NERC-led review panel will be comprised of a standing pool of individuals with relevant expertise from NERC and each of the Regional Entities. Individuals with relevant expertise shall be appointed by the Regional Entity senior executive (CEO, President, General Manager, etc.) and individuals with relevant expertise shall be appointed by the NERC senior executive (CEO, President, General Manager, etc.). NERC shall select the panel members for a given matter from the standing pool.
 - b. Panel members for a given matter shall comply with Subsection 7 of Section 403 of the NERC ROP, shall not be employed by the Regional Entity whose determination is being reviewed or have otherwise participated in the review of the registration matter, and shall have the required technical background to evaluate registration matters.
2. With respect to review of the application of the criteria contained in the Statement of Compliance Registry Criteria Sections I through IV, the burden of proof is on NERC and the Regional Entity to demonstrate that an entity meets the Registry Criteria for registration.
3. The burden of proof with respect to the materiality test, set forth in **Appendix 5B**, *Statement of Compliance Registry Criteria*, is on the entity making the request, i.e., the entity asking to be excluded from the NCR (despite satisfying the threshold criteria)⁵ and the Regional Entity seeking to include an entity in the NCR (that does not satisfy the threshold criteria).
4. The burden of proof with respect to a determination as to whether an entity's compliance obligations should be limited to only a specified sub-set of otherwise applicable Reliability Standards is on the entity requesting such treatment, provided, however, that where NERC has established clearly defined criteria for eligibility for a sub-set of applicable Reliability Standards (which may specify Requirements/sub-Requirements) and has identified the sub-set list that may apply to similarly situated entities (e.g., UFLS-Only DPs), the burden of proof to demonstrate that an entity does not meet the criteria for such a sub-set list is on the Regional Entity and NERC.
5. The entity who bears the burden of proof with respect to application of the materiality test, or a sub-set list of applicable Reliability Standards (which may specify Requirements/sub-Requirements) must submit to NERC, in writing, details of the issues and identification of the Responding Entity,⁶ and the applicable Regional Entity(ies), RC, BA, PA and TOP that have (or will have upon registration of the entity) the entity whose registration status is at issue within their respective Scope of Responsibility. NERC will send a

⁵ By way of example, the Registered Entity whose Deactivation request was denied by the Regional Entity bears the burden of proof (i.e., on materiality) and both requests panel review and makes the submissions required, under 6(a) and (c), unless the issue involves the Regional Entity's application of the threshold criteria. If the issue involves the Regional Entity's application of the threshold criteria, then the Regional Entity bears the burden of proof and makes the submissions required by sections 6(a) and (c), although it is the Registered Entity who makes the request for panel review.

⁶ By way of example, if a Registered Entity is seeking to be deactivated based on the materiality test and therefore bears the burden of proof, then the Responding Entity is the Regional Entity. If a Regional Entity bears the burden of proof in a materiality test case, then the entity whose registration status is at issue is the Responding Entity.

notification to the Regional Entity(ies), the entity whose registration status or sub-set list treatment is at issue, and the referenced RC, BA, PA and TOP acknowledging receipt of the notification of panel review.

- a. To ensure there is no confusion with respect to the rights and responsibilities of a Registered Entity during the panel review process, the notification will confirm whether the Registered Entity will remain on the NCR and will be responsible for compliance with approved Reliability Standards applicable to the function under review.
6. The panel review process timelines with respect to application of the materiality test, or sub-set list treatment of applicable Reliability Standards (which may specify Requirements/sub-Requirements) are as follows:
- a. Within 10 Days of the date of the NERC-led review panel notification, the entity with the burden of proof will provide any additional data supporting its request to NERC (who will forward to the NERC-led review panel), the Responding Entity, the applicable Regional Entity(ies), and the RC, BA, PA and TOP that has (or will have upon registration of the entity) the entity whose registration status at issue within their respective Scope of Responsibility.
 - b. The Responding Entity will provide a copy of its assessment directly to all parties, as well as to NERC, within 20 Days of the date of the NERC panel review notification. If the RC, BA, PA and TOP provide an assessment, they must provide a copy to all parties, as well as NERC, within 20 Days of the date of the NERC panel review notification.
 - c. The entity with the burden of proof may submit a response to the Responding Entity assessment, and any assessment submitted by the RC, BA, PA and TOP, with copies to all parties and NERC, within 30 Days of the date of the NERC panel review notification.
 - d. The standard of proof in any proceeding under these procedures shall be by a preponderance of the evidence.
 - e. The NERC-led review panel will render its decision within 60 Days of the final submission to the panel.
7. With respect to threshold disputes regarding application of Sections I through IV of **Appendix 5B**, *Statement of Compliance Registry Criteria*, the entity whose registration status is at issue must submit to NERC, in writing, details of the issues and identification of the applicable Regional Entity(ies), RC, BA, PA and TOP that have (or will have upon registration of the entity) the entity whose registration status is at issue within their respective Scope of Responsibility, NERC will send a notification to the Regional Entity(ies), the entity whose registration status is at issue, and the referenced RC, BA, PA and TOP acknowledging receipt of the notification of panel review.
- a. To ensure there is no confusion with respect to the rights and responsibilities of a Registered Entity during the panel review process, the notification will confirm whether the Registered Entity will remain on the NCR and will be responsible for compliance with approved Reliability Standards applicable to the function under review.
8. The panel review process timelines for threshold disputes regarding application off Sections I through IV of **Appendix 5B**, *Statement of Compliance Registry Criteria* are as follows:
- a. The entity whose registration status is at issue will provide NERC (who will forward to the NERC-led review panel), the applicable Regional Entity(ies), and the RC, BA, PA and TOP that has (or will have upon registration of the entity) the entity whose registration status at issue within their respective Scope of Responsibility, any additional data supporting its request within 10 Days of the date of the NERC panel review notification. In such a case, the Regional Entity has the burden of proof on application of the threshold criteria.
 - b. The Regional Entity will provide a copy of its assessment directly to all parties, as well as to NERC, within 20 Days of the date of the NERC panel review notification. If the RC, BA, PA and TOP provide

- an assessment, they must provide a copy to all parties, as well as NERC, within 20 Days of the date of the NERC panel review notification.
- c. The entity whose registration status is at issue may submit a response to the Regional Entity assessment, and any assessment submitted by the RC, BA, PA and TOP, with copies to all parties and NERC, within 30 Days of the date of the NERC panel review notification.
 - d. The standard of proof in any proceeding under these procedures shall be by a preponderance of the evidence.
 - e. The NERC-led review panel will render its decision within 60 Days of the final submission to the panel.
9. In reaching a decision, the NERC-led review panel will apply the materiality test and other criteria and notes, as applicable, set forth in **Appendix 5B, *Statement of Compliance Registry Criteria***. The NERC-led review panel shall also include a review of individual and aggregate system-wide risks to, and considerations of, reliability of the BPS, as well as the BES Definition, as applicable.
 10. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the entity whose registration status or sub-set list treatment is at issue and the Regional Entity of such time extensions, as well as the RC, BA, PA and TOP, of such time extensions.
 11. Once a decision is made, it will be issued to the entity whose registration status or sub-set list treatment is at issue, the Regional Entity and the referenced RC, BA, PA and TOP. The decision (including its basis) will be posted on the NERC website, with confidential information redacted in accordance with Section 1500 of the NERC ROP.
 12. NERC will forward within five business Days the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has 5 business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
 13. The BOTCC will resolve appeals of registration disputes in accordance with NERC ROP Section 500 and **Appendix 5A, *Organization Registration and Organization Certification Manual***, Section V.

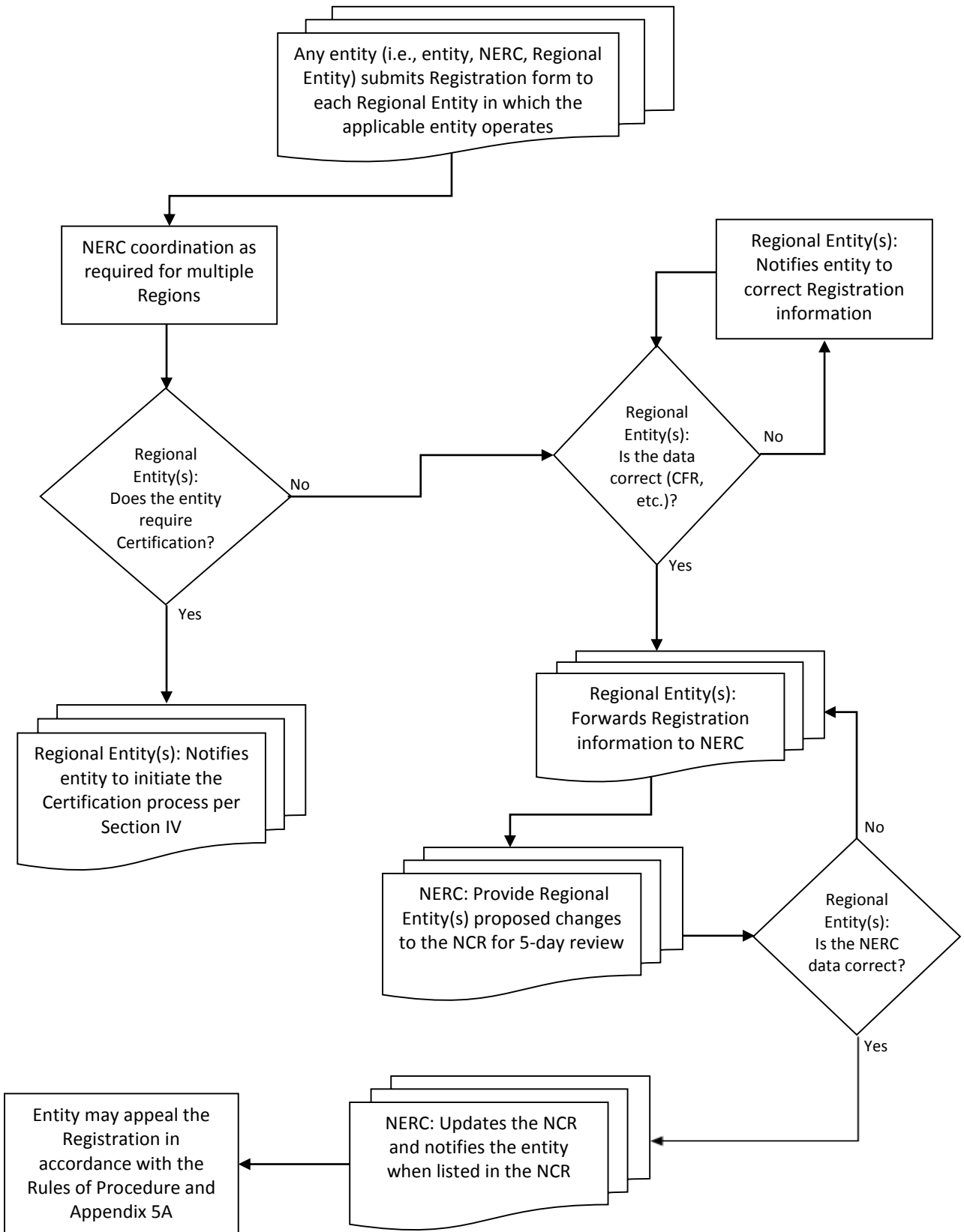


Figure 1A: Organization Registration Process Overview

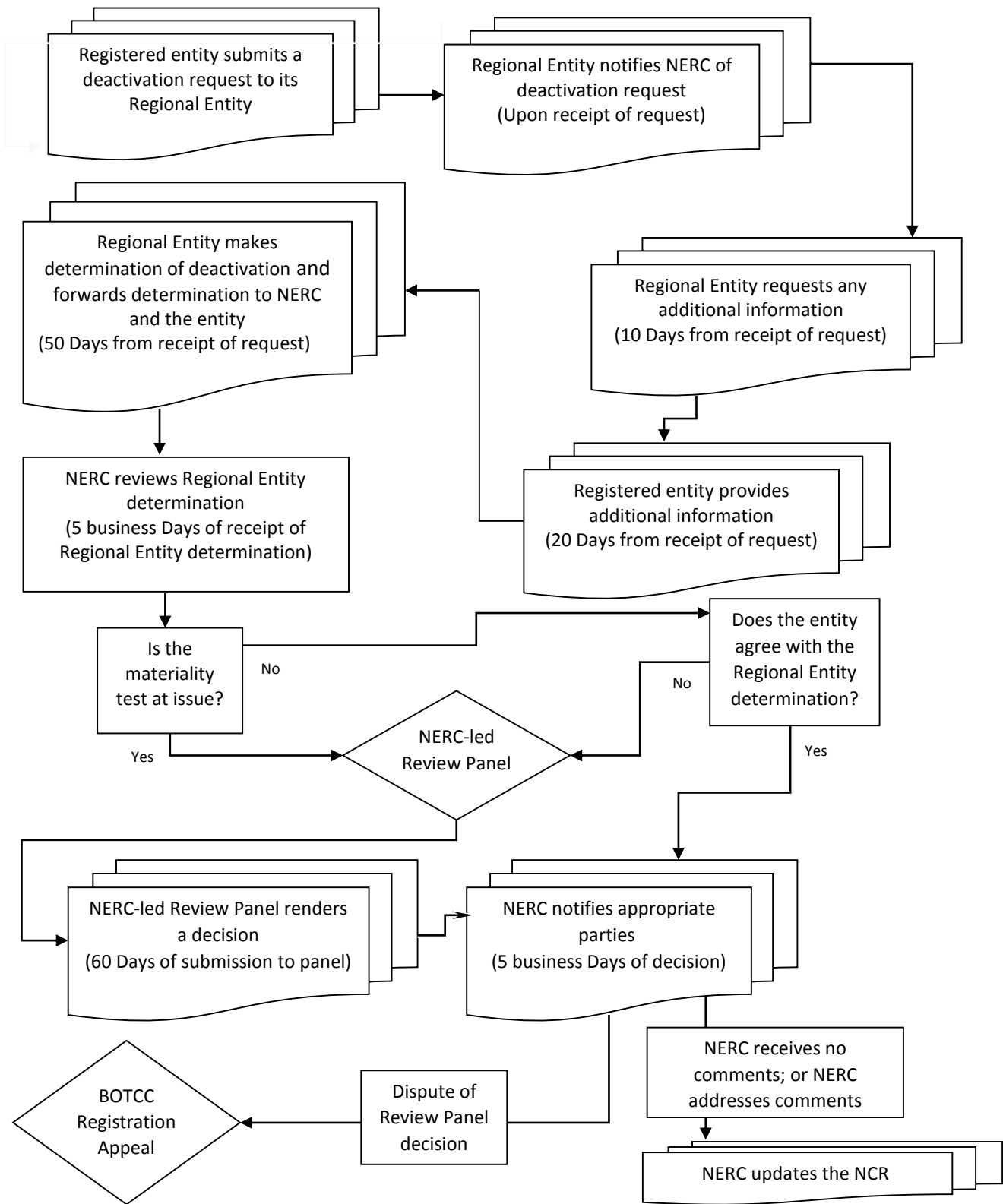


Figure 1B: Deactivation Process Overview

Section IV — Organization Certification Process

Purpose and Scope

The purpose and scope of this process is to provide guidance for completing the Certification of a new entity that will become NERC certified and registered as an RC, TOP, or BA.

Overview

See Figure 2 *Organization Certification Process Overview* for an overview of the Certification process.

Organization Certification Process

1. Certification:
 - a. An entity in a single Regional Entity reliability Region shall initiate the Certification process by completing a Certification application (Certification applications are provided on each Regional Entity’s website) and sending it to the Regional Entity which will manage the Certification process.
 - b. An entity in multiple Regional Entity reliability Regions shall initiate the Certification process by completing a Certification application (Certification applications are provided on each Regional Entity’s website) and sending it to the Regional Entities in those reliability Regions. Each Regional Entity will inform NERC of the request. The Regional Entities will determine which Regional Entity will provide the leadership to manage the Certification process.
 - c. Provisional Certification Process - All RCs, BAs, and/or TOPs that were already registered and operating on June 18, 2007 become “NERC Certified” upon completion of (1) a NERC readiness evaluation (on site activities completed by the evaluation team); and (2) a CMEP Compliance Audit (on site activities completed by the Compliance Audit team) after June 18, 2007. Recertification on a periodic basis of these Registered Entities will not be required. Demonstration of ongoing satisfactory performance of applicable RC, BA, and TOP functional Requirements shall be accomplished by completion of a CMEP Compliance Audit every three years per the requirements of the NERC ROP.
2. For an entity that is not required to be certified, the Regional Entity(ies) shall reject the application and notify the entity that Certification is not required.
3. If the application is not complete or accurate, the Regional Entity will notify the entity to revise the application as needed. When the application is deemed complete and accurate, it will be accepted. The entity and the Regional Entity shall agree to a timeline including specific milestones for the Certification process.
4. The decision to certify changes to an already operating and certified Registered Entity is a collaborative decision between the affected Regional Entity(s) and NERC. NERC has the final authority regarding this decision. Items to consider for this decision include one or more of the following:
 - a. Changes to a Registered Entity’s Footprint or operational challenges (i.e., TLRs) due to the changes
 - b. Organizational restructuring that could impact the BPS reliability
 - c. Relocation of the control center
 - d. Changes to Registered Entity ownership requiring major operating procedure changes
 - e. Significant changes to JRO/CFR assignments or agreements changes
 - f. Addition or removal of member JRO/CFR utilities or entities

- g. Complete replacement of a Supervisory, Control and Data Acquisition (SCADA)/Energy Management System (EMS) system
5. The Certification process shall be completed within nine months of the date of acceptance of the application unless agreed to by all parties involved in the process and approved by NERC.
6. The Regional Entity(ies) shall notify NERC that the Certification process has begun to enable NERC to carry out its roles and responsibilities.
7. The Regional Entity will send a questionnaire with a submission deadline and a statement of expectations to all entities participating in the Certification process. These questionnaires and other related documents are located on the NERC website. The Regional Entity shall distribute questionnaires and other related documents to the following entities, as required:
 - a. Entity seeking Certification.
 - b. Participating BAs, RCs, and TOPs in Footprints in which the entity intends to operate or with which the entity intends to interconnect transmission Facilities.
 - c. Participating TOs, TSPs, PAs, GOs, GOPs, TPs, DPs, and/or other applicable entities.
8. The Regional Entity shall assemble a CT that will be responsible for performing the activities included in the Certification process.
 - a. The CT members shall adhere to NERC’s confidentiality agreements for any data or information made available to the CT member through the Certification process. Team members shall not be employees of or have a direct financial interest in the entity or any of its affiliates.
 - b. The Regional Entity, with concurrence of NERC, may increase or decrease the distribution of the questionnaires and other related documents based upon the complexity of the Certification.
 - c. If the entity objects to any member of the CT, the entity must make that known, in writing, to the Regional Entity listing the reasons for the objection. The Regional Entity will either replace the team member or respond with written justification for keeping the member on the team.
 - d. CT composition
 - i. The BA CT shall consist of representatives from an existing BA, the entity’s proposed RC, TOP, each affected Regional Entity, and NERC.
 - ii. The RC CT shall consist of representatives from an existing RC, a BA and a TOP in the proposed RC Area, each affected Regional Entity, and NERC.
 - iii. The TOP CT shall consist of representatives from an existing TOP, the entity’s proposed RC, each affected Regional Entity, and NERC.
 - iv. Additional CT members with expertise in the any of the NERC Compliance Registry functional areas can be added as necessary.
 - v. Additional CT members from NERC or Regional Entity staff may be added as necessary.
 - vi. Entities such as government representatives or other stakeholders may be observers in the Certification process.
9. Each CT member must complete the NERC auditor training prior to participation.
10. The CT will review the entity’s submitted documentation and address any issues prior to the site visit.
11. The CT shall inform the entity before the on-site visit of any documentation or clarification that is necessary to support the questionnaires.

12. The entity shall identify to the CT prior to the on-site visit all Reliability Standards or Requirements/sub-Requirements which have been delegated to another entity.
 - a. The CT will review the entity(ies) ability to perform those delegated Requirements/sub-Requirements or Reliability Standards.
13. The CT shall conduct at least one on-site visit to the entity's Facilities. At a minimum, the team will:
 - a. Review with the entity the data collected through the questionnaires, and such data that is available only onsite;
 - b. Interview the operations and management personnel;
 - c. Inspect the Facilities and equipment associated with the applicable Reliability Standards referenced in the questionnaire;
 - d. Request demonstration of all tools identified in the Certification process;
 - e. Review documents and data including agreements, processes, and procedures identified in the Certification process;
 - f. Verify operating personnel NERC Certification documents and proposed work schedules; and,
 - g. Review any additional documentation resulting from inquiries arising during the site-visit.
14. The entity, in conjunction with the CT, shall attempt to resolve any deficiencies prior to issuance of the draft report.
15. The draft report is provided to the entity for review for 14 Days and any resulting comments will be assessed by the CT for possible inclusion in the report.
16. The Regional Entity(ies) may grant a time extension, not to exceed 180 Days, to the entity to allow the entity to resolve any open Certification issues.
17. The CT shall provide a Certification recommendation and identification of audit deficiencies in the final written report. All members of the CT shall have an equal voice in the Certification recommendation. This allows for a minority opinion if the review team cannot reach a consensus. The final written Certification report is distributed to NERC, the entity, and the other affected Regional Entities, as applicable.
18. The following is the format for the final report:
 - Title page
 - Table of Contents
 - Introduction – A brief discussion on the Regional Entity(ies) involved, the entity being certified, a description of the function the entity(ies) are being certified for, and a brief timeline of the Certification project.
 - CT – Provide the CT makeup.
 - Objective and Scope – Discussion on entity application (who, what, when, & how).
 - Overall Conclusion – Recommendation being made by the CT.
 - CT Findings – Any item(s) needing to be closed prior to operation that do not hinder the CT from making a recommendation.
 - Positive Observations.
 - Company History – Discussion on the applicant's company history.

- Company Details – Specific details regarding why the entity is being certified and its relationship with other entities (BAs, RCs, and TOPs etc.).
- Documentation List – Provide a list of critical documentation reviewed by the CT used to make the CT’s conclusion and the documentation retention requirements.
- Attachments – Describe those attachments that are for public viewing and those that are separated from the report due to confidentiality issues such as Critical Infrastructure documentation.

19. Certification recommendation and approval.

- a. If the entity intends to operate in a single Regional Entity’s reliability Region, the CT shall make a Certification recommendation to that Regional Entity. The Regional Entity shall approve or disapprove the recommendation. The Regional Entity shall notify the entity and NERC of the Certification decision.
- b. If the entity intends to operate in multiple Regional Entities, the CT shall make a Certification recommendation to all applicable Regional Entities in a single report. Certification recommendation by the Regional Entities must be unanimous. The Regional Entities shall notify the entity and NERC of the Certification decision.
- c. NERC shall approve or disapprove all final Certification recommendations and notify the entity of the decision.

20. The entity may appeal the decision in accordance with the NERC ROP and Section VI of this manual.

21. If the entity is approved for Certification, NERC shall provide the entity a Certification letter and a NERC certificate indicating that that entity is NERC certified as a BA, RC, and/or TOP as applicable.

- a. For those CFR entities that agree upon a division of compliance responsibilities for one or more Reliability Standards or Requirements/sub-Requirements, NERC shall provide all entities responsible for BA, RC and/or TOP Requirements/sub-Requirements and approved for Certification as BA, RC and/or TOP a NERC certificate indicating that those entities are NERC certified as a BA, RC, and/or TOP.
- b. NERC shall update the Compliance Registry prior to the entity(s) going operational.

22. After the entity has been awarded Certification, the Regional Entity(ies) shall notify all applicable entities as to the date that the entity may begin its operation as a certified entity. The entity must commence operation within 12 months of Certification. Failure to begin operation within the 12-month period shall require the entity to reapply for Certification.

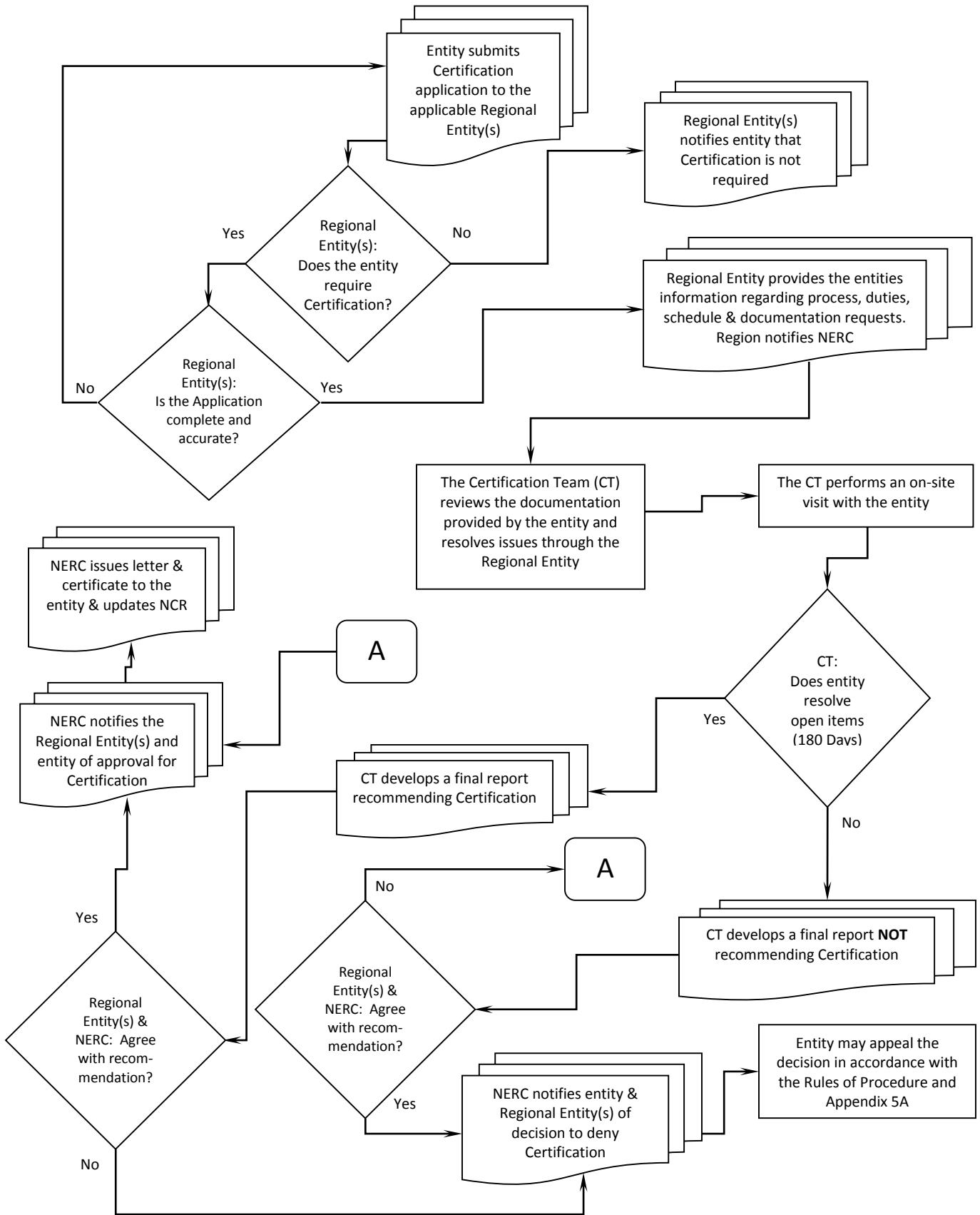


Figure 2: Organization Certification Process Overview

Section V — NERC Organization Registration Appeals Process

Purpose and Scope

This section describes the process that any organization must use to seek review of its listing and functional assignment on the NCR.

Overview

NERC has established documented procedures to ensure a fair and impartial appeals process. No one with a direct interest in a dispute may participate in the appeals process except as a party or witness. See Figure 3, *Organization Registration Appeals Process Overview*.

Organization Registration Appeals Procedure

1. Any Registered Entity included on the NCR may challenge final decisions regarding its listing, functional assignments, and determinations regarding the applicability of a sub-set of Reliability Standards (which specifies the specific Reliability Standards and may specify Requirements/sub-Requirements).
2. All registration appeals must be filed in writing to NERC, via registered mail. Appeals are sent to:
Compliance Operations
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
Main: (404) 446-2560
Facsimile: (404) 446-2595
3. Each party in the appeals process shall pay its own expenses for each step in the process.
4. A stipulation of invoking the appeals process is that the Regional Entity or Registered Entity requesting the appeal agrees that NERC (its Members, Board, committees, subcommittees, and staff), any person assisting in the appeals process, and any company employing a person assisting in the appeals process, shall not be liable for, and shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the appeals proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.
5. Parties retain the right to seek further review of a decision in whatever regulatory agency or court that may have jurisdiction.
6. All appeals must be received within 21 Days of receipt of the NERC determination that is being appealed. The appeal must state why the Registered Entity believes it should not be registered or should be deactivated based on the NERC ROP and the *NERC Statement of Compliance Registry Criteria* or why its compliance obligations should be limited only to a sub-set list of otherwise applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements). A copy of the appeal must be concurrently served on the Regional Entity.

Section V — NERC Organization Registration Appeals Process

7. After receipt of the appeal, the Registered Entity has a 30 day period to work with the Regional Entity to resolve the appeal, if possible. If the appeal is resolved, the Regional Entity will notify NERC with the details of the resolution and NERC will close the appeal.
8. At any time through this appeals process, a Registered Entity may agree with the decision and/or agree to close the appeal. NERC shall notify the involved parties and the NERC BOTCC that the appeal is resolved and update the NCR as applicable.
9. NERC will notify the Registered Entity and the applicable Regional Entity(ies) regarding the appeal with the following expectations:
 - a. The Registered Entity will provide NERC and the applicable Regional Entity(ies) any additional data supporting its appeal within 10 Days of the date of the NERC appeal notification.
 - b. The applicable Regional Entity(ies) will provide a copy of its assessment directly to the Registered Entity, as well as to NERC, within 20 Days of the date of the NERC appeal notification.
 - c. The Registered Entity may submit a response to the Regional Entity(ies) assessment, with copies to the Regional Entity(ies) and NERC, within 30 Days of the date of the NERC appeal notification.
 - d. To ensure there is no confusion with respect to the rights and responsibilities of the Registered Entity during the appeal process, the notification will confirm whether the Registered Entity will remain on the NERC Compliance Registry and will be responsible for compliance with approved Reliability Standards applicable to the function under appeal during the appeal.
 - e. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the Registered Entity and the Regional Entity of such time extensions.
10. Hearing and Ruling by the BOTCC
 - a. The BOTCC will resolve Registration disputes.
 - b. The BOTCC may request additional data from NERC, the relevant Regional Entity(ies) or the Registered Entity, and prescribe the timeframe for the submitting the requested data.
 - c. The BOTCC will provide a written decision regarding any appeals, along with the basis for its decision.
 - d. If the BOTCC upholds the appeal, NERC will:
 - Notify the Registered Entity and Regional Entity(ies) that the appeal was granted.
 - Update the NCR.
 - e. If the BOTCC does not uphold the appeal, NERC will:
 - Notify the Registered Entity and the Regional Entity(ies) that the appeal was denied.
 - The Registered Entity may appeal to Federal Energy Regulatory Commission (FERC) or another Applicable Governmental Authority within 21 Days of the notification of the decision.
 - f. A record of the appeals process shall be maintained by NERC. Confidentiality of the record of the appeal will be based on the NERC ROP Section 1500.

Section V — NERC Organization Registration Appeals Process

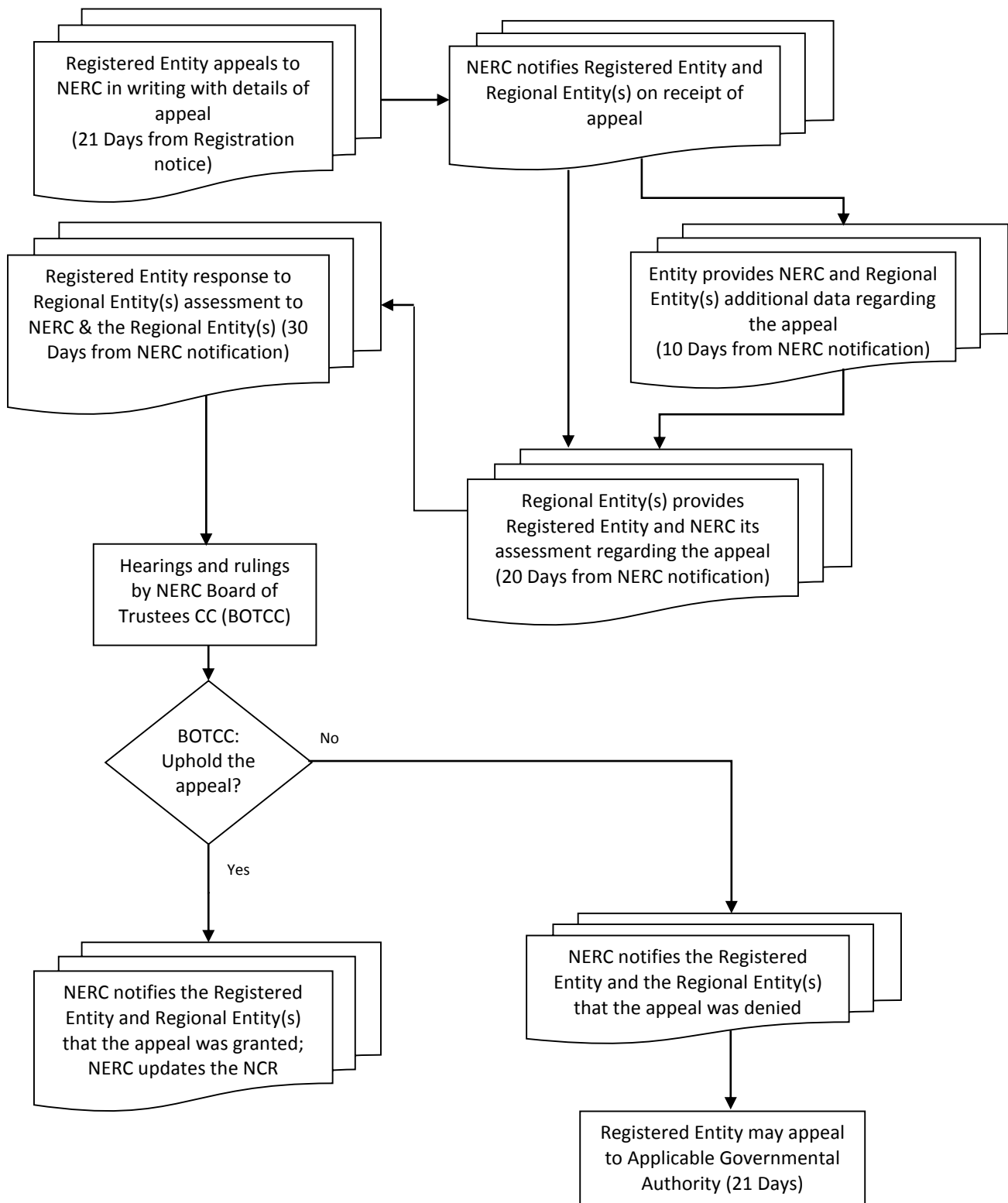


Figure 3: Organization Registration Appeals Process Overview

Section VI — NERC Organization Certification Appeals Process

Purpose and Scope

This section describes the process for an organization to appeal the Certification decision that was determined in the Certification process.

Overview

The NERC Organization Certification Program provides a key means to fulfill NERC's mission. In conducting this program, NERC has established documented procedures to ensure a fair and impartial appeals process. No one with a direct interest in a dispute may participate in the appeals process except as a party or witness. See Figure 4 *Organization Certification Appeals Process Overview*.

Organization Certification Appeals Procedure

1. Appeal for an Organization Certification Finding.
2. Any entity can appeal an organization Certification decision issued as a result of the Certification process.
3. Requirements and Conditions for Appeals.
 - a. For all appeals under the NERC Organization Certification Program, the appeals process begins when an entity notifies the NERC Vice President and Director of Compliance, in writing, that it wishes to use the NERC appeals process.
 - The Director of Compliance is the main contact for all parties in all steps of the appeals process.
 - If an appeal is not filed within 21 Days of the date that the Certification report or finding is issued, or the final Regional Entity appeals process ruling is made, the finding shall be considered final and un-appealable.
 - b. Each party in the appeals process shall pay its own expenses for each step in the process.
 - c. A stipulation of invoking the appeals process is that the Regional Entity or entity requesting the appeal agrees that NERC (its Members, Board, committees, subcommittees, and staff), any person assisting in the appeals process, and any company employing a person assisting in the appeals process, shall not be liable, and shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the appeals proceeding. This "hold harmless" clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.
 - d. Parties retain the right to seek further review of a decision in whatever regulatory agency or court that may have jurisdiction.
4. At any time through this appeals process, an entity may withdraw its appeal.
5. Hearing and Ruling by the Compliance and Certification Committee.
 - a. Within 28 Days of receiving notice from the NERC Director of Compliance, the CCC will conduct a hearing where all the parties or representatives of the disputing parties will present the issue in question, in accordance with CCC procedure CCCPP-005, *Hearing Procedures for Use in Appeals of Certification Matters*, which is incorporated in **Appendix 4E** of the ROP.
 - b. If the appeal is upheld, NERC notifies the entity and Regional Entity(s), updates the NCR, and issues any appropriate letter and certificate to the entity.
 - c. If the appeal is denied, NERC notifies the entity and Regional Entity(s).

6. Hearings and Ruling by the BOTCC.
 - a. The BOTCC will be asked to resolve a dispute related to the NERC Organization Certification Program if any party to the appeal contests the CCC final order.
 - b. The BOTCC may request additional data from NERC, Regional Entity(s) or the entity and prescribe the timeframe for the submitting the requested data.
 - c. At the next regularly scheduled BOTCC meeting, or at a special meeting if the Board determines it is necessary, the Chairman of the CCC will present a summary of the dispute and the actions taken to the BOTCC.
 - Each party will have an opportunity to state its case.
 - The BOTCC will then rule on the dispute.
 - d. If the BOTCC upholds the appeal, NERC will:
 - Notify the entity and the Regional Entity(ies) that the appeal was upheld.
 - Update the NCR.
 - Issue a Certification letter and a certificate to the entity as applicable.
 - e. If the BOTCC does not uphold the appeal, NERC will notify the entity and the Regional Entity(ies) that the appeal was denied.
 - The entity may appeal to Applicable Governmental Authorities within 21 Days of the issuance of the decision.
 - f. A record of the appeals process shall be maintained by NERC and available upon request. Confidentiality of the record of the appeal will be based on the NERC ROP Section 1500.

Section VI – NERC Organization Certification Appeals Process

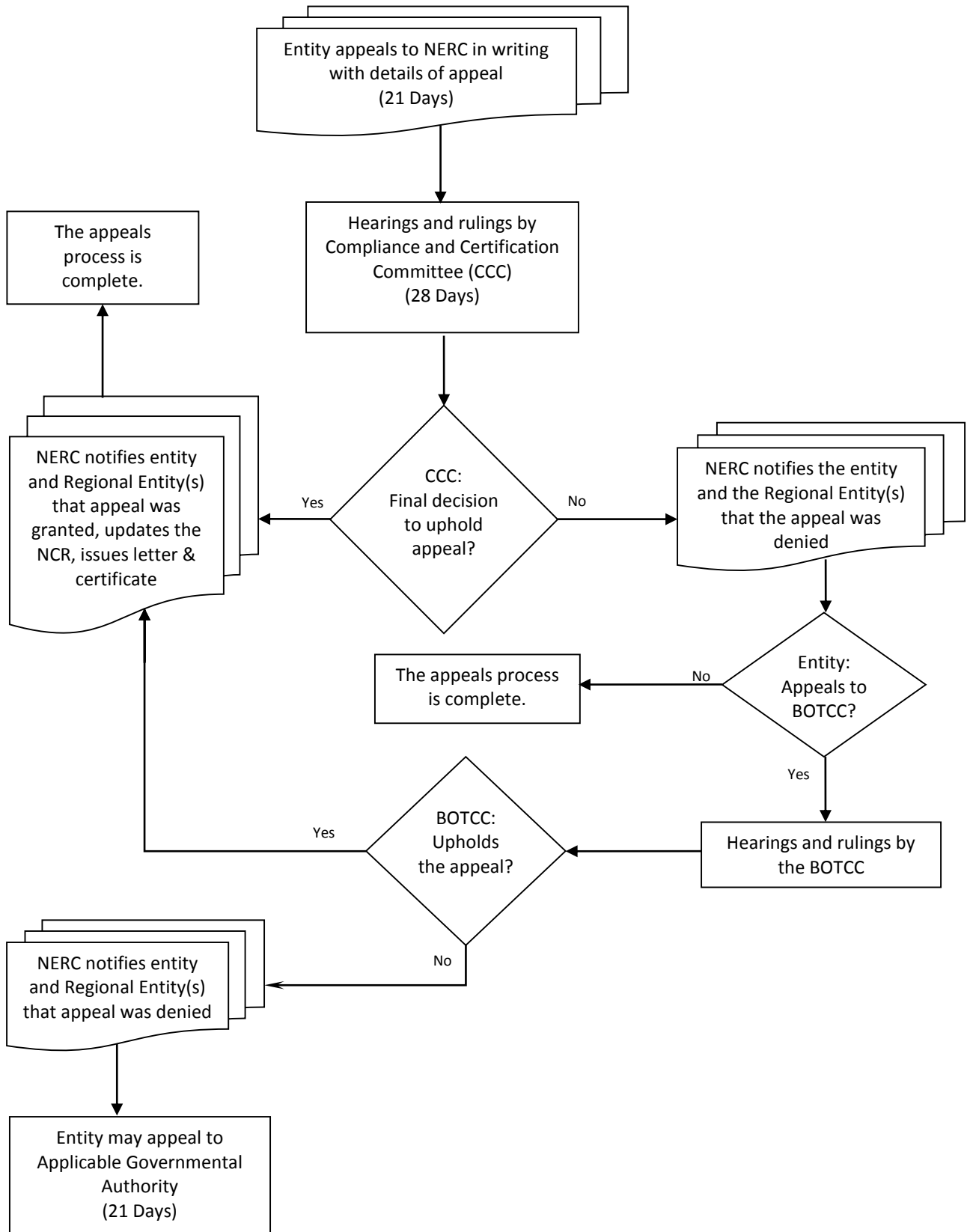


Figure 4: Organization Certification Appeals Process Overview

Definitions

Capitalized terms used in this Appendix shall have the definitions set forth in Appendix 2 of the ROP. For convenience of reference, definitions used in this Appendix are also set forth below:

NERC Organization Certification	The process undertaken by NERC and a Regional Entity to verify that a new entity is capable of responsibilities for tasks associated with a particular function such as a Balancing Authority, Transmission Operator, and/or Reliability Coordinator.
Compliance and Certification Manager	The individual/individuals within the Regional Entity that is/are responsible for monitoring compliance of entities with applicable NERC Reliability Standards.
Days	Days as used in the Registration and Certification processes are defined as calendar days.
Footprint	The geographical or electric area served by an entity.
Functional Entity	An entity responsible for a function that is required to ensure the Reliable Operation of the electric grid as identified in the NERC Reliability Standards.
Mapping	The process of determining whether a Regional Entity's Footprint is being served by Registered Entities.
NERC Identification Number (NERC ID)	A number given to NERC Registered Entities that will be used to identify the entity for certain NERC activities. Corporate entities may have multiple NERC IDs to show different corporate involvement in NERC activities.
Regional Entity	An entity having enforcement authority pursuant to 18 C.F.R. § 39.8.
Registration	Processes undertaken by NERC and Regional Entities to identify which entities are responsible for reliability functions within the Regional Entity's Region.
Coordinated Functional Registration (CFR)	Where two or more entities (parties) agree in writing upon a division of compliance responsibility among the parties for one or more Reliability Standard(s) applicable to a particular function, and/or for one or more Requirement(s)/sub-Requirement(s) within particular Reliability Standard(s).

Appendix 5B¹

Statement of Compliance Registry Criteria

Revision 5.2

Effective: DATE

¹ Highlighted text reflects incremental changes made in response to stakeholder feedback.

Statement of Compliance Registry Criteria (Revision 5.2)

Summary

This document describes how the North American Electric Reliability Corporation (NERC) will identify organizations that may be candidates for Registration and assign them to the Compliance Registry.

NERC and the Regional Entities² have the obligation to identify and register all entities that meet the criteria for inclusion in the Compliance Registry, as further explained in the balance of this document.

Organizations will be responsible to register and to comply with approved Reliability Standards to the extent that they are owners, operators, and users of the Bulk Power System (BPS), perform a function listed in the functional types identified in Section II of this document, and are material to the Reliable Operation of the interconnected BPS as defined by the criteria and notes set forth in this document. NERC will apply the following principles to the Compliance Registry:

- In order to carry out its responsibilities related to enforcement of Reliability Standards, NERC must identify the owners, operators, and users of the BPS who have a material impact³ on the BPS through a Compliance Registry. NERC and the Regional Entities will make their best efforts to identify all owners, users and operators who have a material impact on the BPS in order to develop a complete and current Compliance Registry list. The Compliance Registry will be updated as required and maintained on an on-going basis.
- Organizations listed in the Compliance Registry are responsible and will be monitored for compliance with applicable mandatory Reliability Standards. They will be subject to NERC's and the Regional Entities' Compliance Monitoring and Enforcement Programs.
- NERC and Regional Entities will not monitor nor hold those not in the Compliance Registry responsible for compliance with the Reliability Standards. An entity which is not initially placed on the Compliance Registry, but which is identified subsequently as having a material impact, will be added to the Compliance Registry. Such entity will not be subject to a sanction or Penalty by NERC or the Regional Entity for actions or inactions prior to being placed on the Compliance Registry, but may be required to comply with a Remedial Action Directive or Mitigation Plan in order to become compliant with applicable Reliability Standards. After such entity has been placed on the Compliance Registry, it shall be responsible for complying with Reliability Standards and may be subject to sanctions or Penalties as well as any Remedial Action Directives and Mitigation Plans required by the Regional Entities or NERC for future violations, including any failure to follow a Remedial Action Directive or Mitigation Plan to become compliant with Reliability Standards.
- Required compliance by a given organization with the Reliability Standards will begin the later of (i) inclusion of that organization in the Compliance Registry and (ii) approval by the Applicable Governmental Authority of mandatory Reliability Standards applicable to the registered entity.

² The term "Regional Entities" includes Cross-Border Regional Entities, that have footprints in the U.S., Canada and Mexico, as applicable. Applicable Governmental Authorities in Canadian jurisdictions may have adopted their own Rules of Procedure and Compliance Registry requirements. Registered Entities may be subject to the Compliance Monitoring and Enforcement Programs (CMEP) in their respective jurisdictions, in accordance with applicable laws and regulations.

³ The criteria for determining whether an entity will be placed on the Compliance Registry are set forth in the balance of this document. At any time a person may recommend in writing, with supporting reasons, to the Director of Compliance (or an equivalent position) that an organization be added to or removed from the Compliance Registry, pursuant to NERC Rules of Procedure Section 501.1.3.5.

Entities responsible for funding NERC and the Regional Entities have been identified in the budget documents filed with FERC.⁴ Presence on or absence from the Compliance Registry has no bearing on an entity's independent responsibility for funding NERC and the Regional Entities.

Background

In 2005, NERC and the Regional Entities conducted a voluntary organization registration program limited to Balancing Authorities, Planning Authorities, regional reliability organizations, Reliability Coordinators, Transmission Operators, and Transmission Planners. The list of the entities that were registered constitutes what NERC considered at that time as its Compliance Registry.

NERC initiated a broader program to identify additional organizations potentially eligible to be included in the Compliance Registry and to confirm the information of organizations currently on file, taking into account the following considerations:

- As of July 20, 2006, NERC was certified as the Electric Reliability Organization (ERO) created for the U.S. by the Energy Policy Act of 2005 (EPAAct) and FERC Order No. 672. NERC has received similar recognition by Canadian authorities in their respective jurisdictions.
- FERC Order No. 672 directs that owners, operators and users of the BPS in the U.S. shall be registered with the ERO and the appropriate Regional Entities.
- As the ERO, NERC has filed its current Reliability Standards with FERC and with Canadian authorities. As accepted and approved by FERC and appropriate Canadian authorities, the Reliability Standards are no longer voluntary, and organizations that do not fully comply with them may face Penalties or other sanctions, in accordance with applicable laws, regulations and orders of Applicable Governmental Authorities.
- NERC's Reliability Standards include compliance Requirements for additional reliability function types beyond the six types registered by earlier registration programs.
- Based on selection as the ERO, NERC's Organization Registration program⁵ is the means by which NERC and the Regional Entities plan, manage and execute Reliability Standard compliance oversight of owners, operators, and users of the BPS.
- Organizations listed in the Compliance Registry are subject to NERC's and the Regional Entities' Compliance Monitoring and Enforcement Programs.

Statement of Issue

As the ERO, NERC intends to comprehensively and thoroughly protect the reliability of the grid. To support this goal NERC will include in its Compliance Registry each entity that NERC concludes can materially impact the reliability of the BPS.

NERC wishes to identify those entities that may need to be listed in its Compliance Registry. Identifying these organizations is necessary and prudent for the purpose of determining resource needs, both at the

⁴ Budget documents are submitted to Applicable Governmental Authorities in Canada for information.

⁵ See NERC ERO Application; Exhibit C; Section 500 – Organization Registration and Certification.

NERC and Regional Entity level, and for communicating with these entities regarding their potential responsibilities and obligations. NERC and the Regional Entities believe that candidate entities can be identified at any time, as and when needed. The Compliance Registry is available on NERC's website.

Resolution

The potential costs and effort of registering every organization potentially within the scope of "owner, operator, and user of the BPS," while ignoring their impact upon reliability, would be disproportionate to the improvement in reliability that would reasonably be anticipated from doing so.

NERC and the Regional Entities have identified two principles they believe are key to the entity selection process. These are:

1. There needs to be consistency between Regions and across the continent with respect to which entities are registered; and
2. Any entity reasonably deemed material to the reliability of the BPS will be registered, irrespective of other considerations.

To address the second principle the Regional Entities, working with NERC, will identify and register any entity they deem material to the reliability of the BPS.

In order to promote consistency, NERC and the Regional Entities use the following criteria as the basis for determining whether particular entities should be identified as candidates for Registration. All organizations meeting or exceeding the criteria will be identified as candidates.

The following four groups of criteria (Sections I-IV) plus the statements in Section V will provide guidance regarding an entity's Registration status:

- Section I determines if the entity is an owner, operator, or user of the BPS and, hence, a candidate for organization Registration.
- Section II uses NERC's current functional type definitions to provide an initial determination of the functional types for which the entities identified in Section I should be considered for Registration.
- Section III lists the criteria regarding smaller entities; these criteria can be used to forego the Registration of entities that were selected to be considered for Registration pursuant to Sections I and II and, if circumstances change, for later removing entities from the Compliance Registry that no longer meet the relevant criteria.
- Section IV — additional criteria for joint Registration. Joint Registration criteria may be used by joint action agencies, generation and transmission cooperatives and other entities which agree upon a clear division of compliance responsibility for Reliability Standards by written agreement. Rules pertaining to joint Registration and Joint Registration Organizations, as well as Coordinated Functional Registrations, are now found in Sections 501, 507 and 508 of the NERC Rules of Procedure.

- I. Entities that use, own or operate Elements of the Bulk Electric System (BES) as established by NERC's approved definition of BES below are (i) owners, operators, and users of the BPS and (ii) candidates for Registration:

“Bulk Electric System” or “BES” means unless modified by the lists shown below, all Transmission Elements operated at 100 kV or higher and Real Power and Reactive Power resources connected at 100 kV or higher. This does not include facilities used in the local distribution of electric energy.

Inclusions:

- ***I1*** - Transformers with the primary terminal and at least one secondary terminal operated at 100 kV or higher unless excluded by application of Exclusion E1 or E3.
- ***I2*** - Generating resource(s) including the generator terminals through the high-side of the step-up transformer(s) connected at a voltage of 100 kV or above with:
 - a) Gross individual nameplate rating greater than 20 MVA. Or,
 - b) Gross plant/facility aggregate nameplate rating greater than 75 MVA.
- ***I3*** - Blackstart Resources identified in the Transmission Operator's restoration plan.
- ***I4*** - Dispersed power producing resources that aggregate to a total capacity greater than 75 MVA (gross nameplate rating), and that are connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage of 100 kV or above. Thus, the facilities designated as BES are:
 - a) The individual resources, and
 - b) The system designed primarily for delivering capacity from the point where those resources aggregate to a greater than 75 MVA to a common point of connection at a voltage of 100 kV or above.
- ***I5*** - Static or dynamic devices (excluding generators) dedicated to supplying or absorbing Reactive Power that are connected at 100 kV or higher, or through a dedicated transformer with a high-side voltage of 100 kV or higher, or through a transformer that is designated in Inclusion I1 unless excluded by application of Exclusion E4.

Exclusions:

- ***E1*** - Radial systems: A group of contiguous transmission Elements that emanates from a single point of connection of 100 kV or higher and:
 - a) Only serves Load. Or,
 - b) Only includes generation resources, not identified in Inclusions I2, I3, or I4, with an aggregate capacity less than or equal to 75 MVA (gross nameplate rating). Or,
 - c) Where the radial system serves Load and includes generation resources, not identified in Inclusions I2, I3 or I4, with an aggregate capacity of non-retail generation less than or equal to 75 MVA (gross nameplate rating).

Note 1 – A normally open switching device between radial systems, as depicted on prints or one-line diagrams for example, does not affect this exclusion.

Note 2 – The presence of a contiguous loop operated at a voltage level of 50 kV or less, between configurations being considered as radial systems, does not affect this exclusion.

- **E2** - *A generating unit or multiple generating units on the customer’s side of the retail meter that serve all or part of the retail Load with electric energy if: (i) the net capacity provided to the BES does not exceed 75 MVA, and (ii) standby, back-up, and maintenance power services are provided to the generating unit or multiple generating units or to the retail Load by a Balancing Authority, or provided pursuant to a binding obligation with a Generator Owner or Generator Operator, or under terms approved by the applicable regulatory authority.*
- **E3** - *Local networks (LN): A group of contiguous transmission Elements operated at less than 300 kV that distribute power to Load rather than transfer bulk power across the interconnected system. LN’s emanate from multiple points of connection at 100 kV or higher to improve the level of service to retail customers and not to accommodate bulk power transfer across the interconnected system. The LN is characterized by all of the following:*
 - a) *Limits on connected generation: The LN and its underlying Elements do not include generation resources identified in Inclusions I2, I3, or I4 and do not have an aggregate capacity of non-retail generation greater than 75 MVA (gross nameplate rating);*
 - b) *Real Power flows only into the LN and the LN does not transfer energy originating outside the LN for delivery through the LN; and*
 - c) *Not part of a Flowgate or transfer path: The LN does not contain any part of a permanent Flowgate in the Eastern Interconnection, a major transfer path within the Western Interconnection, or a comparable monitored Facility in the ERCOT or Quebec Interconnections, and is not a monitored Facility included in an Interconnection Reliability Operating Limit (IROL).*
- **E4** - *Reactive Power devices installed for the sole benefit of a retail customer(s).*

Note - Elements may be included or excluded on a case-by-case basis through the Rules of Procedure exception process.

II. Entities identified in Section I above will be categorized as Registration candidates who may be subject to Registration under one or more appropriate Functional Entity types based on a comparison of the functions the entity normally performs against the following function type definitions:⁶

Function Type	Acronym	Definition/Discussion
Balancing Authority	BA	The responsible entity that integrates resource plans ahead of time, maintains Load-interchange-generation balance within a

⁶ Exclusion: An entity will not be registered based on these criteria if responsibilities for compliance with approved NERC Reliability Standards or associated Requirements including reporting have been transferred by written agreement to another entity that has registered for the appropriate function for the transferred responsibilities, including bilateral agreements and Sections 501, 507 and 508 of the NERC Rules of Procedure.

Function Type	Acronym	Definition/Discussion
		Balancing Authority Area, and supports Interconnection frequency in real-time.
Distribution Provider	DP	<p>Provides and operates the “wires” between the transmission system and the end-use customer. For those end-use customers who are served at transmission voltages, the Transmission Owner also serves as the Distribution Provider. Thus, the Distribution Provider is not defined by a specific voltage, but rather as performing the distribution function at any voltage.</p> <p>Note: As provided in Section III.b.1 and Note 5 below, a Distribution Provider entity shall be an Underfrequency Load Shedding (UFLS)-Only Distribution Provider if it is the responsible entity that owns, controls or operates UFLS Protection System(s) needed to implement a required UFLS program designed for the protection of the BES, but does not meet any of the other registration criteria for a Distribution Provider.</p>
Generator Operator	GOP	The entity that operates generating Facility(ies)and performs the functions of supplying energy and Interconnected Operations Services.
Generator Owner	GO	Entity that owns and maintains generating Facility(ies).
Planning Authority/ Planning Coordinator	PA/PC	The responsible entity that coordinates and integrates transmission Facilities and service plans, resource plans, and Protection Systems.
Reliability Coordinator	RC	The entity that is the highest level of authority who is responsible for the Reliable Operation of the BES, has the Wide Area view of the BES, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator’s vision.

Function Type	Acronym	Definition/Discussion
Reserve Sharing Group	RSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating reserves required for each Balancing Authority’s use in recovering from contingencies within the group. Scheduling energy from an Adjacent Balancing Authority to aid recovery need not constitute reserve sharing provided the transaction is ramped in over a period the supplying party could reasonably be expected to load generation in (e.g., ten minutes). If the transaction is ramped in quicker, (e.g., between zero and ten minutes), then, for the purposes of disturbance control performance, the areas become a Reserve Sharing Group.
Resource Planner	RP	The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific Loads (customer demand and energy requirements) within a Planning Authority area.
Transmission Owner	TO	The entity that owns and maintains transmission Facilities.
Transmission Operator	TOP	The entity responsible for the reliability of its local transmission system and operates or directs the operations of the transmission Facilities.
Transmission Planner	TP	The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority area.
Transmission Service Provider	TSP	The entity that administers the transmission tariff and provides Transmission Service to Transmission Customers under applicable Transmission Service agreements.

III. Except as provided in Section V and the Notes to the Criteria below, entities identified in Section II above as being subject to Registration as a Distribution Provider should be included in the Compliance Registry for these functions only if they meet any of the criteria listed below:

III(a) Distribution Provider:

III.a.1 Distribution Provider system serving >75 MW of peak Load that is directly connected to the BES;⁷ or

⁷ Ownership, control or operation of UFLS Protection System(s) needed to implement a required UFLS Program designed for the protection of the BES does not affect an entity’s eligibility for registration pursuant to III.a.1.

- III.a.2 Distribution Provider is the responsible entity that owns, controls, or operates Facilities that are part of any of the following Protection Systems or programs designed, installed, and operated for the protection of the BES:⁸
- a required Undervoltage Load Shedding (UVLS) program and/or
 - a required Special Protection System or Remedial Action Scheme and/or
 - a required transmission Protection System; or
- III.a.3 Distribution Provider that is responsible for providing services related to Nuclear Plant Interface Requirements (NPIRs) pursuant to an executed agreement; or
- III.a.4 Distribution Provider with field switching personnel identified as performing unique tasks associated with the Transmission Operator’s restoration plan that are outside of their normal tasks.
- III(b) Distribution Provider with UFLS-Only assets (referred to as “UFLS-Only Distribution Provider”)
- III.b.1 UFLS-Only Distribution Provider does not meet any of the other registration criteria in Sections III(a)(1)-(4) for a Distribution Provider; and
- III.b.2 UFLS-Only Distribution Provider is the responsible entity that owns, controls, or operates UFLS Protection System(s) needed to implement a required UFLS Program designed for the protection of the BES.

The Reliability Standards applicable to UFLS-Only Distribution Providers are: (1) PRC-005,⁹ PRC-006-1, PRC-006-2 and (2) any regional Reliability Standard whose purpose is to develop or establish a UFLS Program [PRC-006-NPCC-1 and PRC-006-SERC-01]. Reliability Standards that apply to Distribution Providers will not apply to UFLS-Only Distribution Providers, unless explicitly stated in the applicability section of these Reliability Standards and in future revisions and/or versions.

IV. Joint Registration Organization, Coordinated Functional Registration and applicable Member Registration.

Pursuant to FERC’s directive in paragraph 107 of Order No. 693, NERC’s rules pertaining to joint Registrations and Joint Registration Organizations, as well as Coordinated Functional Registrations, are now found in Section 501, 507 and 508 of the NERC Rules of Procedure.

V. If NERC or a Regional Entity encounters an organization that is not listed in the Compliance Registry, but which should be subject to the Reliability Standards, NERC or the Regional Entity is obligated and will initiate actions to add that organization to the Compliance Registry, subject to that organization’s right to challenge as provided in Section 500 of NERC’s Rules of Procedure and as described in Note 3 below.

⁸ As used in Section III.a.2, “protection of the Bulk Electric System” means protection to prevent instability, Cascading, or uncontrolled separation of the BES and not for local voltage issues (UVLS) or local line loading management (Special Protection System) that are demonstrated to be contained within a local area.

⁹ Four versions of PRC-005 are currently in various stages of Commission approval and standard development. For the period that each is in effect, PRC-005-2(ii), PRC-005-3(i), PRC-005-3(ii), PRC-005-4, PRC-005-5, and PRC-005-6 will apply to an entity included on the NCR as a UFLS-Only Distribution Provider during that period.

Notes to the Registry Criteria in Sections I-V

1. The above are general criteria only. The Regional Entity considering Registration of an organization not meeting (e.g., smaller in size than) the criteria may propose Registration of that organization if the Regional Entity believes and can reasonably demonstrate¹⁰ that the organization is a BES owner, or operates, or uses BES assets, and is material to the reliability of the BES. Similarly, the Regional Entity may exclude an organization that meets the criteria described above as a candidate for Registration if it believes and can reasonably demonstrate to NERC that the BES owner, operator, or user does not have a material impact on the reliability of the BES. Such decisions must be made in accordance with Section V of Appendix 5A to the NERC Rules of Procedure. In order to ensure a consistent approach to assessing materiality, a non-exclusive set of factors (“materiality test”) for consideration is identified below; however, only a sub-set of these factors may be applicable to particular functional registration categories:
 - a. Is the entity specifically identified in the emergency operation plans and/or restoration plans of an associated Reliability Coordinator, Balancing Authority, Generator Operator or Transmission Operator?
 - b. Will intentional or inadvertent removal of an Element owned or operated by the entity, or a common mode failure of two Elements as identified in the Reliability Standards (for example, loss of two Elements as a result of a breaker failure), lead to a reliability issue on another entity’s system (such as a neighboring entity’s Element exceeding an applicable rating, or loss of non-consequential load due to a single contingency). Conversely, will such contingencies on a neighboring entity’s system result in Reliability Standards issues on the system of the entity in question?
 - c. Can the normal operation, misoperation or malicious use of the entity’s cyber assets cause a detrimental impact (e.g., by limiting the operational alternatives) on the operational reliability of an associated Balancing Authority, Generator Operator or Transmission Operator?
 - d. Can the normal operation, Misoperation or malicious use of the entity’s Protection Systems (including UFLS, UVLS, Special Protection System, Remedial Action Schemes and other Protection Systems protecting BES Facilities) cause an adverse impact on the operational reliability of any associated Balancing Authority, Generator Operator or Transmission Operator, or the automatic load shedding programs of a PC or TP (UFLS, UVLS)?
2. An organization not identified using the criteria, but wishing to be registered, may request that it be registered. For further information refer to: NERC Rules of Procedure, Section 500 – Organization Registration and Certification; Part 1.3.
3. An organization may challenge its Registration within the Compliance Registry. NERC or the Regional Entity will provide the organization with all information necessary to timely challenge that determination including notice of the deadline for contesting the determination and the relevant procedures to be followed as described in the NERC Rules of Procedure; Section 500 – Organization Registration and Certification.

¹⁰ The reasonableness of any such demonstration will be subject to review and remand by NERC itself, or by any Applicable Governmental Authority, as applicable.

4. If an entity is part of a class of entities excluded based on any of the criteria above as individually being unlikely to have a material impact on the reliability of the BES, but that in aggregate have been demonstrated to have such an impact it may be registered for applicable Reliability Standards and Requirements irrespective of other considerations, in accordance with laws, regulations and orders of an Applicable Governmental Authority.
5. NERC may limit the compliance obligations of a given entity registered for a particular function or similarly situated class of entities, as warranted based on the particular facts and circumstances, to a sub-set list of Reliability Standards (which may specify Requirements/sub-Requirements).

EXHIBIT B

Proposed NERC Rules of Procedure – Redlined Version

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Rules of Procedure

Effective: ~~March 19, 2015~~DATE

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SECTION 100 — APPLICABILITY OF RULES OF PROCEDURE

NERC and NERC Members shall comply with these Rules of Procedure. Each Regional Entity shall comply with these Rules of Procedure as applicable to functions delegated to the Regional Entity by NERC or as required by an Applicable Governmental Authority or as otherwise provided.

Each Bulk Power System owner, operator, and user shall comply with all Rules of Procedure of NERC that are made applicable to such entities by approval pursuant to applicable legislation or regulation, or pursuant to agreement.

Any entity that is unable to comply or that is not in compliance with a NERC Rule of Procedure shall immediately notify NERC in writing, stating the Rule of Procedure of concern and the reason for not being able to comply with the Rule of Procedure.

NERC shall evaluate each case and inform the entity of the results of the evaluation. If NERC determines that a Rule of Procedure has been violated, or cannot practically be complied with, NERC shall notify the Applicable Governmental Authorities and take such other actions as NERC deems appropriate to address the situation.

NERC shall comply with each approved Reliability Standard that identifies NERC or the Electric Reliability Organization as a responsible entity. Regional Entities shall comply with each approved Reliability Standard that identifies Regional Entities as responsible entities. A violation by NERC or a Regional Entity of such a Reliability Standard shall constitute a violation of these Rules of Procedure.

SECTION 200 — DEFINITIONS OF TERMS

Definitions of terms used in the NERC Rules of Procedure are set forth in **Appendix 2, *Definitions Used in the Rules of Procedure.***

SECTION 300 — RELIABILITY STANDARDS DEVELOPMENT

301. General

NERC shall develop and maintain Reliability Standards that apply to Bulk Power System owners, operators, and users and that enable NERC and Regional Entities to measure the reliability performance of Bulk Power System owners, operators, and users; and to hold them accountable for Reliable Operation of the Bulk Power Systems. The Reliability Standards shall be technically excellent, timely, just, reasonable, not unduly discriminatory or preferential, in the public interest, and consistent with other applicable standards of governmental authorities.

302. Essential Attributes for Technically Excellent Reliability Standards

1. **Applicability** — Each Reliability Standard shall clearly identify the functional classes of entities responsible for complying with the Reliability Standard, with any specific additions or exceptions noted. Such functional classes¹ include: Reliability Coordinators, Balancing Authorities, Transmission Operators, Transmission Owners, Generator Operators, Generator Owners, Transmission Service Providers, market operators, Planning Authorities, Transmission Planners, Resource Planners, ~~Load-Serving Entities~~, and Distribution Providers. Each Reliability Standard shall also identify the geographic applicability of the Reliability Standard, such as the entire North American Bulk Power System, an Interconnection, or within a Region. A Reliability Standard may also identify any limitations on the applicability of the Reliability Standard based on electric Facility characteristics.
2. **Reliability Objectives** — Each Reliability Standard shall have a clear statement of purpose that shall describe how the Reliability Standard contributes to the reliability of the Bulk Power System. The following general objectives for the Bulk Power System provide a foundation for determining the specific objective(s) of each Reliability Standard:
 - 2.1 **Reliability Planning and Operating Performance**— Bulk Power Systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions.
 - 2.2 **Frequency and Voltage Performance**— The frequency and voltage of Bulk Power Systems shall be controlled within defined limits through the balancing of Real and Reactive Power supply and demand.

¹ These functional classes of entities are derived from NERC's Reliability Functional Model. When a Reliability Standard identifies a class of entities to which it applies, that class must be defined in the Glossary of Terms Used in NERC Reliability Standards.

- 2.3 **Reliability Information** — Information necessary for the planning and operation of reliable Bulk Power Systems shall be made available to those entities responsible for planning and operating Bulk Power Systems.
 - 2.4 **Emergency Preparation** — Plans for emergency operation and system restoration of Bulk Power Systems shall be developed, coordinated, maintained, and implemented.
 - 2.5 **Communications and Control** — Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of Bulk Power Systems.
 - 2.6 **Personnel** — Personnel responsible for planning and operating Bulk Power Systems shall be trained and qualified, and shall have the responsibility and authority to implement actions.
 - 2.7 **Wide-Area View** — The reliability of the Bulk Power Systems shall be assessed, monitored, and maintained on a Wide-Area basis.
 - 2.8 **Security** — Bulk Power Systems shall be protected from malicious physical or cyber attacks.
3. **Performance Requirement or Outcome**— Each Reliability Standard shall state one or more performance Requirements, which if achieved by the applicable entities, will provide for a reliable Bulk Power System, consistent with good utility practices and the public interest. Each Requirement is not a “lowest common denominator” compromise, but instead achieves an objective that is the best approach for Bulk Power System reliability, taking account of the costs and benefits of implementing the proposal.
 4. **Measurability** — Each performance Requirement shall be stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that Requirement. Each performance Requirement shall have one or more associated measures used to objectively evaluate compliance with the Requirement. If performance can be practically measured quantitatively, metrics shall be provided to determine satisfactory performance.
 5. **Technical Basis in Engineering and Operations**— Each Reliability Standard shall be based upon sound engineering and operating judgment, analysis, or experience, as determined by expert practitioners in that particular field.
 6. **Completeness** — Reliability Standards shall be complete and self-contained. The Reliability Standards shall not depend on external information to determine the required level of performance.

7. **Consequences for Noncompliance** — In combination with guidelines for Penalties and sanctions, as well as other ERO and Regional Entity compliance documents, the consequences of violating a Reliability Standard are clearly presented to the entities responsible for complying with the Reliability Standards.
8. **Clear Language** — Each Reliability Standard shall be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, are able to arrive at a consistent interpretation of the required performance.
9. **Practicality** — Each Reliability Standard shall establish Requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.
10. **Consistent Terminology** — To the extent possible, Reliability Standards shall use a set of standard terms and definitions that are approved through the NERC Reliability Standards development process.

303. Relationship between Reliability Standards and Competition

To ensure Reliability Standards are developed with due consideration of impacts on competition, to ensure Reliability Standards are not unduly discriminatory or preferential, and recognizing that reliability is an essential requirement of a robust North American economy, each Reliability Standard shall meet all of these market-related objectives:

1. **Competition** — A Reliability Standard shall not give any market participant an unfair competitive advantage.
2. **Market Structures** — A Reliability Standard shall neither mandate nor prohibit any specific market structure.
3. **Market Solutions** — A Reliability Standard shall not preclude market solutions to achieving compliance with that Reliability Standard.
4. **Commercially Sensitive Information** — A Reliability Standard shall not require the public disclosure of commercially sensitive information or other Confidential Information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with Reliability Standards.
5. **Adequacy** — NERC shall not set Reliability Standards defining an adequate amount of, or requiring expansion of, Bulk Power System resources or delivery capability.

304. Essential Principles for the Development of Reliability Standards

NERC shall develop Reliability Standards in accordance with the NERC *Standard Processes Manual*, which is incorporated into these Rules of Procedure as **Appendix 3A**. Appeals in connection with the development of a Reliability Standard shall also be conducted in accordance with the NERC *Standard Processes Manual*. Any amendments or revisions to the *Standard Processes Manual* shall be consistent with the following essential principles:

1. **Openness** — Participation shall be open to all Persons and who are directly and materially affected by the reliability of the North American Bulk Power System. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in NERC or any other organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
2. **Transparency** — The process shall be transparent to the public.
3. **Consensus-building** — The process shall build and document consensus for each Reliability Standard, both with regard to the need and justification for the Reliability Standard and the content of the Reliability Standard.
4. **Fair Balance of Interests** — The process shall fairly balance interests of all stakeholders and shall not be dominated by any two Segments as defined in **Appendix 3D**, *Development of the Registered Ballot Body*, of these Rules of Procedure, and no single Segment, individual or organization shall be able to defeat a matter.
5. **Due Process** — Development of Reliability Standards shall provide reasonable notice and opportunity for any Person with a direct and material interest to express views on a proposed Reliability Standard and the basis for those views, and to have that position considered in the development of the Reliability Standards.
6. **Timeliness** — Development of Reliability Standards shall be timely and responsive to new and changing priorities for reliability of the Bulk Power System.

305. Registered Ballot Body

NERC Reliability Standards shall be approved by a Registered Ballot Body prior to submittal to the Board and then to Applicable Governmental Authorities for their approval, where authorized by applicable legislation or agreement. This Section 305 sets forth the rules pertaining to the composition of, and eligibility to participate in, the Registered Ballot Body.

1. **Eligibility to Vote on Reliability Standards** — Any person or entity may join the Registered Ballot Body to vote on Reliability Standards, whether or not such person or entity is a Member of NERC.
2. **Inclusive Participation** — The Segment qualification guidelines are inclusive; i.e., any entity with a legitimate interest in the reliability of the Bulk Power System that can meet any one of the eligibility criteria for a Segment is entitled to belong to and vote in each Segment for which it qualifies, subject to limitations defined in Sections 305.3 and 305.5.
3. **General Criteria for Registered Ballot Body Membership** — The general criteria for membership in the Segments are:
 - 3.1 **Multiple Segments** — A corporation or other organization with integrated operations or with affiliates that qualifies to belong to more than one Segment (e.g., Transmission Owners and Load-Serving Entities) may join once in each Segment for which it qualifies, provided that each Segment constitutes a separate membership and the organization is represented in each Segment by a different representative. Affiliated entities are collectively limited to one membership in each Segment for which they are qualified.
 - 3.2 **Withdrawing from a Segment or Changing Segments** — After its initial registration in a Segment, each registered participant may elect to withdraw from a Segment or apply to change Segments at any time.
 - 3.3 **Review of Segment Criteria** — The Board shall review the qualification guidelines and rules for joining Segments at least every three years to ensure that the process continues to be fair, open, balanced, and inclusive. Public input will be solicited in the review of these guidelines.
4. **Proxies for Voting on Reliability Standards** — Any registered participant may designate an agent or proxy to vote on its behalf. There are no limits on how many proxies an agent may hold. However, for the proxy to be valid, NERC must have in its possession written documentation signed by the representative of the registered participant that the voting right by proxy has been transferred from the registered participant to the agent.
5. **Segments** — The specific criteria for membership in each Registered Ballot Body Segment are defined in the *Development of the Registered Ballot Body* in **Appendix 3D**.
6. **Review of Segment Entries** — 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. The entity shall then become eligible to participate as a voting member of that Segment. The Standards Committee shall resolve disputes regarding eligibility for membership in a Segment, with the applicant having the right of appeal to the Board.

306. Standards Committee

The Standards Committee shall provide oversight of the Reliability Standards development process to ensure stakeholder interests are fairly represented. The Standards Committee shall not under any circumstance change the substance of a draft or approved Reliability Standard.

1. **Membership** — The Standards Committee is a representative committee comprising representatives of two members of each of the Segments in the Registered Ballot Body and two officers elected to represent the interests of the industry as a whole.
2. **Elections** — Standards Committee members are elected for staggered (one per Segment per year) two-year terms by the respective Segments in accordance with the *Procedure for the Election of Members of the NERC Standards Committee*, which is incorporated into these Rules of Procedure as **Appendix 3B**. Segments may use their own election procedure if such a procedure is ratified by two-thirds of the members of a Segment and approved by the Board.
3. **Canadian Representation**

The Standards Committee will include Canadian representation as provided in **Appendix 3B**, *Procedure for the Election of Members of the NERC Standards Committee*.
4. **Open Meetings** — All meetings of the Standards Committee shall be open and publicly noticed on the NERC website.

307. Standards Process Management

NERC shall assign a standards process manager to administer the development of continent-wide Reliability Standards and a regional standards manager to administer the development of Regional Reliability Standards. The standards process manager shall be responsible for ensuring that the development and revision of Reliability Standards are in accordance with the *NERC Standard Processes Manual*. The standards process manager and the regional standards manager shall work to achieve the highest degree of integrity and consistency of quality and completeness of the Reliability Standards. The regional standards manager shall coordinate with any Regional Entities that develop Regional Reliability Standards to ensure those Regional Reliability Standards are effectively integrated with the NERC Reliability Standards.

308. Steps in the Development of Reliability Standards

1. **Procedure** — NERC shall develop Reliability Standards through the process set forth in the *NERC Standard Processes Manual (Appendix 3A)*. The *Standard Processes Manual* includes provisions for developing Reliability Standards that can be completed using expedited processes, including a process to develop Reliability Standards to address national security situations that involve confidential issues.
2. **Board Adoption** — Reliability Standards or revisions to Reliability Standards approved by the ballot pool in accordance with the *Standard Processes Manual* shall be submitted for adoption by the Board. No Reliability Standard or revision to a Reliability Standard shall be effective unless adopted by the Board.
3. **Governmental Approval** — After Board adoption, a Reliability Standard or revision to a Reliability Standard shall be submitted to all Applicable Governmental Authorities in accordance with Section 309. No Reliability Standard or revision to a Reliability Standard shall be effective within a geographic area over which an Applicable Governmental Authority has jurisdiction unless it is approved by such Applicable Governmental Authority or is otherwise made effective pursuant to the laws applicable to such Applicable Governmental Authority.

309. Filing of Reliability Standards for Approval by Applicable Governmental Authorities

1. **Filing of Reliability Standards for Approval** — Where authorized by applicable legislation or agreement, NERC shall file with the Applicable Governmental Authorities each Reliability Standard, modification to a Reliability Standard, or withdrawal of a Reliability Standard that is adopted by the Board. Each filing shall be in the format required by the Applicable Governmental Authority and shall include: a concise statement of the basis and purpose of the Reliability Standard; the text of the Reliability Standard; the implementation plan for the Reliability Standard; a demonstration that the Reliability Standard meets the essential attributes of Reliability Standards as stated in Section 302; the drafting team roster; the ballot pool and final ballot results; and a discussion of public comments received during the development of the Reliability Standard and the consideration of those comments.
2. **Remanded Reliability Standards and Directives to Develop Standards** — If an Applicable Governmental Authority remands a Reliability Standard to NERC or directs NERC to develop a Reliability Standard, NERC shall within five (5) business days notify all other Applicable Governmental Authorities, and shall within thirty (30) calendar days report to all Applicable Governmental Authorities

a plan and timetable for modification or development of the Reliability Standard. Reliability Standards that are remanded or directed by an Applicable Governmental Authority shall be modified or developed using the *Standard Processes Manual*. NERC shall, during the development of a modification for the remanded Reliability Standard or directed Reliability Standard, consult with other Applicable Governmental Authorities to coordinate any impacts of the proposed Reliability Standards in those other jurisdictions. The expedited standards development process may be applied if necessary to meet a timetable for action required by the Applicable Governmental Authorities, respecting to the extent possible the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interest in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply.

3. **Directives to Develop Reliability Standards under Extraordinary Circumstances** — An Applicable Governmental Authority may, on its own initiative, determine that extraordinary circumstances exist requiring expedited development of a Reliability Standard. In such a case, the Applicable Governmental Authority may direct the development of a Reliability Standard within a certain deadline. NERC staff shall prepare the Standards Authorization Request. The proposed Reliability Standard will then proceed through the Reliability Standards development process, using the expedited action process described in the *Standard Processes Manual* as necessary to meet the specified deadline. The timeline will be developed to respect, to the extent possible, the provisions in the Reliability Standards development process for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards. If the Board of Trustees determines that the process did not result in a Reliability Standard that addresses a specific matter that is identified in a directive issued by an Applicable Governmental Authority, then Rule 321 of these Rules of Procedure shall apply, with appropriate modification of the timeline.

310. Annual Reliability Standards Development Plan

NERC shall develop and provide an annual Reliability Standards Development Plan for development of Reliability Standards to the Applicable Governmental Authorities. NERC shall consider the comments and priorities of the Applicable Governmental Authorities in developing and updating the annual Reliability Standards Development Plan. Each annual Reliability Standards Development Plan shall include a progress report comparing results achieved to the prior year's Reliability Standards Development Plan.

311. Regional Entity Standards Development Procedures

1. **NERC Approval of Regional Entity Reliability Standards Development Procedure** — To enable a Regional Entity to develop Regional Reliability Standards that are to be recognized and made part of NERC Reliability Standards, a Regional Entity may request NERC to approve a Regional Reliability Standards development procedure.
2. **Public Notice and Comment on Regional Reliability Standards Development Procedure** — Upon receipt of such a request, NERC shall publicly notice and request comment on the proposed Regional Reliability Standards development procedure, allowing a minimum of 45 days for comment. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to withdraw the request, revise the Regional Reliability Standards development procedure and request another posting for comment, or submit the Regional Reliability Standards development procedure, along with its consideration of any objections received, for approval by NERC.
3. **Evaluation of Regional Reliability Standards Development Procedure** — NERC shall evaluate whether a Regional Reliability Standards development procedure meets the criteria listed below and shall consider stakeholder comments, any unresolved stakeholder objections, and the consideration of comments provided by the Regional Entity, in making that determination. If NERC determines the Regional Reliability Standards development procedure meets these requirements, the Regional Reliability Standards development procedure shall be submitted to the Board for approval. The Board shall consider the recommended action, stakeholder comments, any unresolved stakeholder comments, and the Regional Entity consideration of comments in determining whether to approve the Regional Reliability Standards development procedure.
 - 3.1 **Evaluation Criteria** — The Regional Reliability Standards development procedure shall be:
 - 3.1.1 **Open** — The Regional Reliability Standards development procedure shall provide that any person or entity who is directly and materially affected by the reliability of the Bulk Power Systems within the Regional Entity shall be able to participate in the development and approval of Reliability Standards. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in the Regional Entity, a Regional Entity or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
 - 3.1.2 **Inclusive** — The Regional Reliability Standards development procedure shall provide that any Person with a direct and material

interest has a right to participate by expressing an opinion and its basis, having that position considered, and appealing through an established appeals process if adversely affected.

- 3.1.3 **Balanced** — The Regional Reliability Standards development procedure shall have a balance of interests and shall not permit any two interest categories to dominate a matter or any single interest category to defeat a matter.
 - 3.1.4 **Due Process** — The Regional Reliability Standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the Regional Reliability Standards development procedure shall include public notice of the intent to develop a Regional Reliability Standard, a public comment period on the proposed Regional Reliability Standard, due consideration of those public comments, and a ballot of interested stakeholders.
 - 3.1.5 **Transparent** — All actions material to the development of Regional Reliability Standards shall be transparent. All Regional Reliability Standards development meetings shall be open and publicly noticed on the Regional Entity's website.
 - 3.1.6 **Accreditation of Regional Standards Development Procedure** — A Regional Entity's Regional Reliability Standards development procedure that is accredited by the American National Standards Institute shall be deemed to meet the criteria listed in this Section 311.3.1, although such accreditation is not a prerequisite for approval by NERC.
 - 3.1.7 **Use of NERC Procedure** — A Regional Entity may adopt the NERC *Standard Processes Manual* as the Regional Reliability Standards development procedure, in which case the Regional Entity's Regional Reliability Standards development procedure shall be deemed to meet the criteria listed in this Section 311.3.1.
4. **Revisions of Regional Reliability Standards Development Procedures** — Any revision to a Regional Reliability Standards development procedure shall be subject to the same approval requirements set forth in Sections 311.1 through 311.3.
 5. **Duration of Regional Reliability Standards Development Procedures** — The Regional Reliability Standards development procedure shall remain in effect until such time as it is replaced with a new version approved by NERC or it is withdrawn by the Regional Entity. The Regional Entity may, at its discretion, withdraw its Regional Reliability Standards development procedure at any time.

312. Regional Reliability Standards

1. **Basis for Regional Reliability Standards** — Regional Entities may propose Regional Reliability Standards that set more stringent reliability requirements than the NERC Reliability Standard or cover matters not covered by an existing NERC Reliability Standard. Such Regional Reliability Standards shall in all cases be submitted to NERC for adoption and, if adopted, made part of the NERC Reliability Standards and shall be enforceable in accordance with the delegation agreement between NERC and the Regional Entity or other instrument granting authority over enforcement to the Regional Entity. No entities other than NERC and the Regional Entity shall be permitted to develop Regional Reliability Standards that are enforceable under statutory authority delegated to NERC and the Regional Entity.
2. **Regional Reliability Standards That are Directed by a NERC Reliability Standard** — Although it is the intent of NERC to promote uniform Reliability Standards across North America, in some cases it may not be feasible to achieve a reliability objective with a Reliability Standard that is uniformly applicable across North America. In such cases, NERC may direct Regional Entities to develop Regional Reliability Standards necessary to implement a NERC Reliability Standard. Such Regional Reliability Standards that are developed pursuant to a direction by NERC shall be made part of the NERC Reliability Standards.
3. **Procedure for Developing an Interconnection-wide Regional Standard** — A Regional Entity organized on an Interconnection-wide basis may propose a Regional Reliability Standard for approval as a NERC Reliability Standard to be made mandatory for all applicable Bulk Power System owners, operators, and users within that Interconnection.
 - 3.1 **Presumption of Validity** — An Interconnection-wide Regional Reliability Standard that is determined by NERC to be just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities, shall be adopted as a NERC Reliability Standard. NERC shall rebuttably presume that a Regional Reliability Standard developed, in accordance with a Regional Reliability Standards development process approved by NERC, by a Regional Entity organized on an Interconnection-wide basis, is just, reasonable, and not unduly discriminatory or preferential, and in the public interest, and consistent with such other applicable standards of governmental authorities.
 - 3.2 **Notice and Comment Procedure for Interconnection-wide Regional Reliability Standard** — NERC shall publicly notice and request comment on the proposed Interconnection-wide Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability

Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to resolve any objections identified in the comments and may choose to comment on or withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for approval by NERC.

- 3.3 **Adoption of Interconnection-wide Regional Reliability Standard by NERC** — NERC shall evaluate and recommend whether a proposed Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections that could serve as a basis for rebutting the presumption of validity of the Regional Reliability Standard. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning the proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity's request, NERC's recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity's consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
 - 3.4 **Applicable Governmental Authority Approval** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.
 - 3.5 **Enforcement of Interconnection-wide Regional Reliability Standard** — An Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.
4. **Procedure for Developing Non-Interconnection-Wide Regional Reliability Standards** — Regional Entities that are not organized on an Interconnection-wide basis may propose Regional Reliability Standards to apply within their respective Regions. Such Regional Reliability Standards may be developed through the NERC Reliability Standards development procedure, or alternatively, through a Regional Reliability Standards development procedure that has been approved by NERC.

- 4.1 **No Presumption of Validity** — Regional Reliability Standards that are not proposed to be applied on an Interconnection-wide basis are not presumed to be valid but may be demonstrated by the proponent to be valid.
- 4.2 **Notice and Comment Procedure for Non-Interconnection-wide Regional Reliability Standards** — NERC shall publicly notice and request comment on the proposed Regional Reliability Standard, allowing a minimum of 45 days for comment. NERC may publicly notice and post for comment the proposed Regional Reliability Standard concurrent with similar steps in the Regional Entity's Regional Reliability Standards development process. The Regional Entity shall have an opportunity to comment on or resolve any objections identified in the comments and may choose to withdraw the request, revise the proposed Regional Reliability Standard and request another posting for comment, or submit the proposed Regional Reliability Standard along with its consideration of any objections received, for adoption by NERC.
- 4.3 **NERC Adoption of Non-Interconnection-wide Regional Reliability Standards** — NERC shall evaluate and recommend whether a proposed non-Interconnection-wide Regional Reliability Standard has been developed in accordance with all applicable procedural requirements and whether the Regional Entity has considered and resolved stakeholder objections. The Regional Entity, having been notified of the results of the evaluation and recommendation concerning proposed Regional Reliability Standard, shall have the option of presenting the proposed Regional Reliability Standard to the Board for adoption as a NERC Reliability Standard. The Board shall consider the Regional Entity's request, the recommendation for action on the Regional Reliability Standard, any unresolved stakeholder comments, and the Regional Entity's consideration of comments, in determining whether to adopt the Regional Reliability Standard as a NERC Reliability Standard.
- 4.4 **Applicable Governmental Authority Approval** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board shall be filed with the Applicable Governmental Authorities for approval, where authorized by applicable legislation or agreement, and shall become effective when approved by such Applicable Governmental Authorities or on a date set by the Applicable Governmental Authorities.
- 4.5 **Enforcement of Non-Interconnection-wide Regional Reliability Standards** — A non-Interconnection-wide Regional Reliability Standard that has been adopted by the Board and by the Applicable Governmental Authorities or is otherwise made effective within Canada as mandatory

within a particular Region shall be applicable and enforced as a NERC Reliability Standard within the Region.

5. **Appeals** — A Regional Entity shall have the right to appeal NERC’s decision not to adopt a proposed Regional Reliability Standard or Variance to the Commission or other Applicable Governmental Authority.

313. Other Regional Criteria, Guides, Procedures, Agreements, Etc.

1. **Regional Criteria** — Regional Entities may develop Regional Criteria that are necessary to implement, to augment, or to comply with NERC Reliability Standards, but which are not Reliability Standards. Regional Criteria may also address issues not within the scope of Reliability Standards, such as resource adequacy. Regional Criteria may include specific acceptable operating or planning parameters, guides, agreements, protocols or other documents used to enhance the reliability of the Bulk Power System in the Region. These documents typically provide benefits by promoting more consistent implementation of the NERC Reliability Standards within the Region. These documents are not NERC Reliability Standards, Regional Reliability Standards, or regional Variances, and therefore are not enforceable under authority delegated by NERC pursuant to delegation agreements and do not require NERC approval.
2. **Catalog of Regional Criteria** — NERC shall maintain a current catalog of Regional Criteria. Regional Entities shall provide a catalog listing of Regional Criteria to NERC and shall notify NERC of changes to the listing. Regional Entities shall provide any listed document to NERC upon written request.

314. Conflicts with Statutes, Regulations, and Orders

Notice of Potential Conflict — If a Bulk Power System owner, operator, or user determines that a NERC or Regional Reliability Standard may conflict with a function, rule, order, tariff, rate schedule, legislative requirement or agreement that has been accepted, approved, or ordered by a governmental authority affecting that entity, the entity shall expeditiously notify the governmental authority, NERC, and the relevant Regional Entity of the conflict.

1. **Determination of Conflict** — NERC, upon request of the governmental authority, may advise the governmental authority regarding the conflict and propose a resolution of the conflict, including revision of the Reliability Standard if appropriate.
2. **Regulatory Precedence** — Unless otherwise ordered by a governmental authority, the affected Bulk Power System owner, operator, or user shall continue to follow the function, rule, order, tariff, rate schedule, legislative requirement, or agreement accepted, approved, or ordered by the governmental authority until the

governmental authority finds that a conflict exists and orders a remedy and such remedy is affected.

315. Revisions to NERC Standard Processes Manual

Any person or entity may submit a written request to modify NERC *Standard Processes Manual*. Consideration of the request and development of the revision shall follow the process defined in the NERC *Standard Processes Manual*. Upon approval by the Board, the revision shall be submitted to the Applicable Governmental Authorities for approval. Changes shall become effective only upon approval by the Applicable Governmental Authorities or on a date designated by the Applicable Governmental Authorities or as otherwise applicable in a particular jurisdiction.

316. Accreditation

NERC shall seek and maintain accreditation of the NERC Reliability Standards development process by the American National Standards Institute.

317. Five-Year Review of Reliability Standards

NERC shall complete a review of each NERC Reliability Standard at least once every five years, or such longer period as is permitted by the American National Standards Institute, from the effective date of the Reliability Standard or the latest revision to the Reliability Standard, whichever is later. The review process shall be conducted in accordance with the NERC *Standard Processes Manual*. The standards process manager shall be responsible for administration of the five-year review of Reliability Standards. As a result of this review, the NERC Reliability Standard shall be reaffirmed, revised, or withdrawn. If the review indicates a need to revise or withdraw the Reliability Standard, a request for revision or withdrawal shall be prepared, submitted and addressed in accordance with the NERC *Standard Processes Manual*.

318. Coordination with the North American Energy Standards Board

NERC shall maintain a close working relationship with the North American Energy Standards Board and ISO/RTO Council to ensure effective coordination of wholesale electric business practice standards and market protocols with the NERC Reliability Standards.

319. Archived Standards Information

NERC shall maintain a historical record of Reliability Standards information that is no longer maintained on-line. For example, Reliability Standards that have been retired may be removed from the on-line system. Archived information shall be retained indefinitely

as practical, but in no case less than six years or one complete Reliability Standards review cycle from the date on which the Reliability Standard was no longer in effect. Archived records of Reliability Standards information shall be available electronically within 30 days following the receipt by the NERC standards information manager of a written request.

320. Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels

1. **Development of Violation Risk Factors and Violation Severity Levels** — NERC shall follow the process for developing Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) as set forth in the *Standard Processes Manual, Appendix 3A* to these Rules of Procedure.
2. **Remands of Directed Revision of VRFs and VSLs by Applicable Governmental Authorities** — If an Applicable Governmental Authority remands or directs a revision to a Board-approved VRF or VSL assignment, the NERC director of standards, after consulting with the standard drafting team, Standards Committee, and the NERC director of compliance operations, will recommend to the Board one of the following actions: (1) filing a request for clarification; (2) filing for rehearing or for review of the Applicable Governmental Authority decision; or (3) approval of the directed revisions to the VRF or VSL. If and to the extent time is available prior to the deadline for the Board’s decision, an opportunity for interested parties to comment on the action taken will be provided.
3. **Alternative Procedure for Developing and Approving Violation Risk Factors and Violation Severity Levels** — In the event the Reliability Standards development process fails to produce Violation Risk Factors or Violation Severity Levels for a particular Reliability Standard in a timely manner, the Board of Trustees may approve Violation Risk Factors or Violation Severity Levels for that Reliability Standard after notice and opportunity for comment. In approving VRFs and VSLs, the Board shall consider the inputs of the Member Representatives Committee, affected stakeholders and NERC staff.

321. Special Rule to Address Certain Regulatory Directives

In circumstances where this Rule 321 applies, the Board of Trustees shall have the authority to take one or more of the actions set out below. The Board of Trustees shall have the authority to choose which one or more of the actions are appropriate to the circumstances and need not take these actions in sequential steps.

1. The Standards Committee shall have the responsibility to ensure that standards drafting teams address specific matters that are identified in directives issued by Applicable Governmental Authorities. If the Board of Trustees is presented with a proposed Reliability Standard that fails to address such directives, the Board of Trustees has the authority to remand, with instructions (including establishing a

timetable for action), the proposed Reliability Standard to the Standards Committee.

2. Upon a written finding by the Board of Trustees that a ballot pool has failed to approve a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to remand the proposed Reliability Standard to the Standards Committee, with instructions to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with NERC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the proposed Reliability Standard one additional time, with such adjustments in the schedule as are necessary to meet the deadline contained in paragraph 2.1 of this Rule.
 - 2.1 Such a re-ballot shall be completed within forty-five (45) days of the remand. The Standards Committee memorandum shall be included in the materials made available to the ballot pool in connection with the re-ballot.
 - 2.2 In any such re-ballot, negative votes without comments related to the proposal shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the proposal shall be counted for purposes of determining the number of votes cast and whether the proposed Reliability Standard has been approved.
3. If the re-balloted proposed Reliability Standard achieves at least an affirmative two-thirds majority vote of the weighted Segment votes cast, with a quorum established, then the proposed Reliability Standard shall be deemed approved by the ballot pool and shall be considered by the Board of Trustees for approval.
4. If the re-balloted proposed Reliability Standard fails to achieve at least an affirmative two-thirds majority vote of the weighted Segment votes cast, but does achieve at least a sixty percent affirmative majority of the weighted Segment votes cast, with a quorum established, then the Board of Trustees has the authority to consider the proposed Reliability Standard for approval under the following procedures:
 - 4.1 The Board of Trustees shall issue notice of its intent to consider the proposed Reliability Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the proposed Reliability Standard that address the specific matter identified in the regulatory directive, including whether or not the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, in

the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.

- 4.2 The Board of Trustees may, in its discretion, convene a public technical conference to receive additional input on the matter.
- 4.3 After considering the developmental record, the comments received during balloting and the additional input received under paragraphs 4.1 and 4.2 of this Rule, the Board of Trustees has authority to act on the proposed Reliability Standard.
 - 4.3.1 If the Board of Trustees finds that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to approve the proposed Reliability Standard and direct that it be filed with Applicable Governmental Authorities with a request that it be made effective.
 - 4.3.2 If the Board of Trustees is unable to find that the proposed Reliability Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to treat the proposed Reliability Standard as a draft Reliability Standard and direct that the draft Reliability Standard and complete developmental record, including the additional input received under paragraphs 4.1 and 4.2 of this Rule, be filed with the Applicable Governmental Authorities as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Reliability Standard not be made effective and an explanation of the basis for the recommendation.
5. Upon a written finding by the Board of Trustees that standard drafting team has failed to develop, or a ballot pool has failed to approve, a proposed Reliability Standard that contains a provision to address a specific matter identified in a directive issued by an Applicable Governmental Authority, the Board of Trustees has the authority to direct the Standards Committee (with the assistance of stakeholders and NERC staff) to prepare a draft Reliability Standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. If the Standards Committee fails to prepare such draft Reliability Standard, the Board of Trustees may direct NERC management to prepare such draft Reliability Standard.

- 5.1 The Board of Trustees may, in its discretion, convene a public technical conference to receive input on the matter. The draft Reliability Standard shall be posted for a 45-day public comment period.
- 5.2 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees finds that the draft Reliability Standard, with such modifications as the Board of Trustees determines are appropriate in light of the comments received, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to approve the draft Reliability Standard and direct that the proposed Reliability Standard be filed with Applicable Governmental Authorities with a request that the proposed Reliability Standard be made effective.
- 5.3 If, after considering the entire developmental record (including the comments received under paragraph 5.1 of this Rule), the Board of Trustees is unable to find that the draft Reliability Standard, even with modifications, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the Bulk Power System, then the Board of Trustees has the authority to direct that the draft Reliability Standard and complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Governmental Authority issuing the regulatory directive, with a recommendation that the draft Reliability Standard not be made effective.
- 5.4 The filing of the Reliability Standard under either paragraph 5.2 or paragraph 5.3 of this Rule shall include an explanation of the basis for the decision by the Board of Trustees.
- 5.5 A Reliability Standard approved under paragraph 5 of this Rule shall not be eligible for submission as an American National Standard.
6. NERC shall on or before March 31st of each year file a report with Applicable Governmental Authorities on the status and timetable for addressing each outstanding directive to address a specific matter received from an Applicable Governmental Authority.

SECTION 400 — COMPLIANCE ENFORCEMENT

401. Scope of the NERC Compliance Monitoring and Enforcement Program

1. **Components of the NERC Compliance Monitoring and Enforcement Program** — NERC shall develop and implement a NERC Compliance Monitoring and Enforcement Program to promote the reliability of the Bulk Power System by enforcing compliance with approved Reliability Standards in those regions of North America in which NERC and/or a Regional Entity (pursuant to a delegation agreement with NERC that has been approved by the Applicable Governmental Authority) has been given enforcement authority. There are four distinct parts of the NERC Compliance Monitoring and Enforcement Program: (1) NERC's oversight of the Regional Entity Compliance Monitoring and Enforcement Programs (Section 402), (2) the definition of the required Regional Entity Compliance Monitoring and Enforcement Program attributes (Section 403), (3) NERC's monitoring of Regional Entity compliance with Reliability Standards (Section 404), and (4) the monitoring of compliance with Reliability Standards that are applicable to NERC (Sections 405–406).
2. **Who Must Comply** — Where required by applicable legislation, regulation, rule or agreement, all Bulk Power System owners, operators, and users, Regional Entities, and NERC, are required to comply with all approved NERC Reliability Standards at all times. Regional Reliability Standards and Variances approved by NERC and the Applicable Governmental Authority shall be considered NERC Reliability Standards and shall apply to all Bulk Power System owners, operators, or users responsible for meeting those Reliability Standards within the Regional Entity boundaries, whether or not the Bulk Power System owner, operator, or user is a member of the Regional Entity.
3. **Data Access** — All Bulk Power System owners, operators, and users shall provide to NERC and the applicable Regional Entity such information as is necessary to monitor compliance with the Reliability Standards. NERC and the applicable Regional Entity will define the data retention and reporting requirements in the Reliability Standards and compliance reporting procedures.
4. **Role of Regional Entities in the Compliance Monitoring and Enforcement Program** — Each Regional Entity that has been delegated authority through a delegation agreement or other legal instrument approved by the Applicable Governmental Authority shall, in accordance with the terms of the approved delegation agreement, administer a Regional Entity Compliance Monitoring and Enforcement program to meet the NERC Compliance Monitoring and Enforcement Program goals and the requirements in this Section 400.
5. **Program Continuity** — NERC will ensure continuity of compliance monitoring and enforcement within the geographic boundaries of a Regional Entity in the event that NERC does not have a delegation agreement, or the Regional Entity withdraws from the agreement or does not operate its Compliance Monitoring and Enforcement Program in accordance with the delegation agreement or other applicable requirements.

- 5.1 Should NERC not have a delegation agreement with a Regional Entity covering a geographic area, or a Regional Entity withdraws from an existing delegation agreement or the delegation agreement is otherwise terminated, NERC will directly administer the Compliance Monitoring and Enforcement Program applicable to owners, operators and users of the Bulk Power System within that geographic area.
 1. This monitoring and enforcement will be accomplished by NERC and Compliance Staff from another approved Regional Entity.
 2. If an existing delegation agreement with a Regional Entity is terminating, the Regional Entity shall promptly provide to NERC all relevant compliance information regarding Registered Entities, contacts, prior compliance information and actions, Mitigation Plans, and Remedial Action Directives for the period in which the Regional Entity was responsible for administering the Compliance Monitoring and Enforcement Program.
 3. NERC will levy and collect all Penalties directly and will utilize any Penalty monies collected to offset the expenses of administering the Compliance Monitoring and Enforcement Program for the geographic area.
- 5.2 Should a Regional Entity seek to withdraw from its delegation agreement, NERC will seek agreement from another Regional Entity to amend its delegation agreement with NERC to extend that Regional Entity's boundaries for compliance monitoring and enforcement. In the event no Regional Entity is willing to accept this responsibility, NERC will administer the Compliance Monitoring and Enforcement Program within the geographical boundaries of the Regional Entity seeking to withdraw from the delegation agreement, in accordance with Section 401.5.1.
6. **Actively Monitored Requirements** — NERC, with input from the Regional entities, stakeholders, and regulators, shall annually select a subset of the NERC Reliability Standards and Requirements to be actively monitored and audited in the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan. Compliance is required, and NERC and the Regional Entities have authority to monitor compliance, with all NERC Reliability Standards whether or not they are included in the subset of Reliability Standards and Requirements designated to be actively monitored and audited in the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan.
7. **Penalties, Sanctions, and Remedial Action Directives** — NERC and Regional Entities will apply Penalties, sanctions, and Remedial Action Directives that bear a reasonable relation to the seriousness of a violation and take into consideration timely remedial efforts as defined in the NERC *Sanction Guidelines*, which is incorporated into these rules as **Appendix 4B**.
8. **Multiple Enforcement Actions** – A Registered Entity shall not be subject to an enforcement action by NERC and a Regional Entity, or by more than one

Regional Entity (unless the Registered Entity is registered in more than one Region in which the violation occurred), for the same violation.

9. **Records** — NERC shall maintain a record of each compliance submission, including Self-Reported, Possible, Alleged, and Confirmed Violations of approved Reliability Standards; associated Penalties, sanctions, Remedial Action Directives and settlements; and the status of mitigation actions.
10. **Confidential Information** — NERC will treat all Possible and Alleged Violations of Reliability Standards and matters related to a Compliance Monitoring and Enforcement Program process, including the status of any Compliance Investigation or other Compliance Monitoring and Enforcement Program process, as confidential in accordance with Section 1500.

The types of information that will be considered confidential and will not (subject to statutory and regulatory requirements) be disclosed in any public information reported by NERC are identified in Section 1500. Information that would jeopardize Bulk Power System reliability, including information relating to a Cyber Security Incident, will be identified and protected from public disclosure as Critical Energy Infrastructure Information in accordance with Section 1500.

The Regional Entity and NERC shall give Bulk Power System owners, operators, and users a reasonable opportunity to demonstrate that information concerning a violation is confidential before such report is disclosed to the public.

11. **Public Posting** — When the affected Bulk Power System owner, operator, or user either agrees with a Possible or Alleged Violation(s) of a Reliability Standard(s) or a report of a Compliance Audit or Compliance Investigation, or enters into a settlement agreement concerning a Possible or Alleged Violation(s), or the time for submitting an appeal is passed, or all appeals processes are complete, NERC shall, subject to the confidentiality requirements of these Rules of Procedure, publicly post each Confirmed Violation, Penalty or sanction, settlement agreement, and final Compliance Audit or Compliance Investigation report, on its website.

11.1 Each Bulk Power System owner, operator, or user may provide NERC with a statement to accompany the Confirmed Violation or report to be posted publicly. The statement must be on company letterhead and include a signature, as well as the name and title of the person submitting the information.

11.2 In accordance with Section 1500, information deemed by a Bulk Power System owner, operator, or user, Regional Entity, or NERC as Critical Energy Infrastructure Information (*NERC Security Guidelines for the Electricity Sector — Protecting Potentially Sensitive Information* may be used as a guide) or other Confidential Information shall be redacted in accordance with Section 1500 and not be released publicly.

11.3 Subject to redaction of Critical Energy Infrastructure Information or other Confidential Information, for each Confirmed Violation or settlement relating to a Possible Violation or an Alleged Violation, the public posting shall include the name of any relevant entity, the nature, time period, and circumstances of such Possible, Alleged or Confirmed Violation, any Mitigation Plan or other Mitigating Activities to be implemented by the Registered Entity in connection with the Confirmed Violation or settlement, and sufficient facts to assist owners, operators and users of the Bulk Power System to evaluate whether they have engaged in or are engaging in similar activities.

12. **Violation Information Review** — NERC Compliance Staff shall periodically review and analyze all reports of Possible, Alleged and Confirmed Violations to identify trends and other pertinent reliability issues.

402. NERC Oversight of the Regional Entity Compliance Monitoring and Enforcement Programs

1. **NERC Monitoring Program** — NERC shall have a program to monitor the Compliance Monitoring and Enforcement Program of each Regional Entity that has been delegated authority. The objective of this monitoring program shall be to ensure that the Regional Entity carries out its Compliance Monitoring and Enforcement Program in accordance with these Rules of Procedure and the terms of the delegation agreement, and to ensure consistency and fairness of the Regional Entity's Compliance Monitoring and Enforcement Program. Oversight and monitoring by NERC shall be accomplished through an annual Compliance Monitoring and Enforcement Program review, program audits, and regular evaluations of Regional Entity Compliance Monitoring and Enforcement Program performance as described below.

1.1 **NERC Review of Annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plans** — NERC shall require each Regional Entity to submit for review and approval an annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan. NERC shall review each annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan and shall accept the plan if it meets NERC requirements and the requirements of the delegation agreement.

1.2 **Regional Entity Compliance Monitoring and Enforcement Program Evaluation** — NERC shall annually evaluate the goals, tools, and procedures of each Regional Entity Compliance Monitoring and Enforcement Program to determine the effectiveness of each Regional Entity Compliance Monitoring and Enforcement Program, using criteria developed by the NERC Compliance and Certification Committee.

1.3 **Regional Entity Compliance Monitoring and Enforcement Program Audit** — At least once every five years, NERC shall conduct an audit to evaluate how each Regional Entity Compliance Monitoring and

Enforcement Program implements the NERC Compliance Monitoring and Enforcement Program. The evaluation shall be based on these Rules of Procedure, including Appendix 4C, the delegation agreement, directives in effect pursuant to the delegation agreement, approved annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plans, required Compliance Monitoring and Enforcement Program attributes, and the NERC Compliance Monitoring and Enforcement Program procedures. These evaluations shall be provided to the Applicable Governmental Authorities to demonstrate the effectiveness of each Regional Entity. In addition, audits of Cross-Border Regional Entities shall cover applicable requirements imposed on the Regional Entity by statute, regulation, or order of, or agreement with, provincial governmental and/or regulatory authorities for which NERC has auditing responsibilities over the Regional Entity's compliance with such requirements within Canada or Mexico. Participation of a representative of an Applicable Governmental Authority shall be subject to the limitations of sections 3.1.6 and 8.0 of Appendix 4C of these Rules of Procedure regarding disclosures of non-public compliance information related to other jurisdictions. NERC shall maintain an audit procedure containing the requirements, steps, and timelines to conduct an audit of each Regional Entity Compliance Monitoring and Enforcement Program. The current procedure is contained in the NERC Audit of Regional Entity Compliance Programs, which is incorporated into these rules as **Appendix 4A**.

1.3.1. NERC shall establish a program to audit bulk power system owners, operators, and users operating within a regional entity to verify the findings of previous compliance audits conducted by the regional entity to evaluate how well the regional entity compliance enforcement program is meeting its delegated authority and responsibility.

1.4 Applicable Governmental Authorities will be allowed to participate as an observer in any audit conducted by NERC of a Regional Entity's Compliance Monitoring and Enforcement Program. A representative of the Regional Entity being audited will be allowed to participate in the audit as an observer.

2. **Consistency Among Regional Compliance Monitoring and Enforcement Programs** — To provide for a consistent Compliance Monitoring and Enforcement Program for all Bulk Power System owners, operators, and users required to comply with approved Reliability Standards, NERC shall maintain a single, uniform Compliance Monitoring and Enforcement Program, which is incorporated into these rules of procedure as **Appendix 4C**. Any differences in Regional Entity Compliance Monitoring and Enforcement Program methods, including determination of violations and Penalty assessment, shall be justified on a case-by-case basis and fully documented in each Regional Entity delegation agreement.

- 2.1 NERC shall ensure that each of the Regional Entity Compliance Monitoring and Enforcement Programs meets these Rules of Procedure, including **Appendix 4C**, and follows the terms of the delegation agreement and the approved annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan.
- 2.2 NERC shall maintain a single, uniform Compliance Monitoring and Enforcement Program in **Appendix 4C** containing the procedures to ensure the consistency and fairness of the processes used to determine Regional Entity Compliance Monitoring and Enforcement Program findings of compliance and noncompliance, and the application of Penalties and sanctions.
- 2.3 NERC shall periodically conduct Regional Entity compliance manager forums. These forums shall use the results of Regional Entity Compliance Monitoring and Enforcement Program audits and findings of NERC Compliance Staff to identify and refine Regional Entity Compliance Monitoring and Enforcement Program differences into a set of best practices over time.
3. **Information Collection and Reporting** — NERC and the Regional Entities shall implement data management procedures that address data reporting requirements, data integrity, data retention, data security, and data confidentiality.
4. **Violation Disclosure** — NERC shall disclose all Confirmed Violations and maintain as confidential Possible Violations and Alleged Violations, according to the reporting and disclosure process in **Appendix 4C**.
5. **Authority to Determine Noncompliance, Levy Penalties and Sanctions, and Issue Remedial Action Directives** — NERC and Regional Entity Compliance Staff shall have the authority and responsibility to make initial determinations of compliance or noncompliance, and where authorized by the Applicable Governmental Authorities or where otherwise authorized, to determine Penalties and sanctions for noncompliance with a Reliability Standard, and issue Remedial Action Directives. Regional Entity boards or a compliance panel reporting directly to the Regional Entity board will be vested with the authority for the overall Regional Entity Compliance Monitoring and Enforcement Program and have the authority to impose Penalties and sanctions on behalf of NERC, where authorized by applicable legislation or agreement. Remedial Action Directives may be issued by NERC or a Regional Entity that is aware of a Bulk Power System owner, operator, or user that is, or is about to engage in an act or practice that would result, in noncompliance with a Reliability Standard, where such Remedial Action Directive is immediately necessary to protect the reliability of the Bulk Power System from an imminent or actual threat. If, after receiving such a Remedial Action Directive, the Bulk Power System owner, operator, or user does not take appropriate action to avert a violation of a Reliability Standard,

NERC may petition the Applicable Governmental Authority to issue a compliance order.

6. **Due Process** — NERC shall establish and maintain a fair, independent, and nondiscriminatory appeals process. The appeals process is set forth in Sections 408-410. The process shall allow Bulk Power System owners, operators, and users to appeal the Regional Entity's findings of noncompliance and to appeal Penalties, sanctions, and Remedial Action Directives that are levied by the Regional Entity. Appeals beyond the NERC process will be heard by the Applicable Governmental Authority.

The appeals process will also allow for appeals to NERC of any findings of noncompliance issued by NERC to a Regional Entity for Reliability Standards and Requirements where the Regional Entity is monitored for compliance to a Reliability Standard. No monetary Penalties will be levied in these matters; however sanctions, remedial actions, and directives to comply may be applied by NERC.

7. **Conflict Disclosure** — NERC shall disclose to the appropriate governmental authorities any potential conflicts between a market rule and the enforcement of a Regional Reliability Standard.
8. **Confidentiality** — To maintain the integrity of the NERC Compliance Monitoring and Enforcement Program, NERC and Regional Entity staff, Compliance Audit team members, and committee members shall maintain the confidentiality of information obtained and shared during compliance monitoring and enforcement processes including Compliance Investigations, Compliance Audits, Spot Checks, drafting of reports, appeals, and closed meetings.
 - 8.1 NERC and the Regional Entity shall have in place appropriate codes of conduct and confidentiality agreements for staff and other Compliance Monitoring and Enforcement Program participants.
 - 8.2 Individuals not bound by NERC or Regional Entity codes of conduct who serve on compliance-related committees or Compliance Audit teams shall sign a NERC confidentiality agreement prior to participating on the committee or Compliance Audit team.
 - 8.3 Information deemed by a Bulk Power System owner, operator, or user, Regional Entity, or NERC as Critical Energy Infrastructure Information shall not be distributed outside of a committee or team, nor released publicly. Other information subject to confidentiality is identified in Section 1500.
 - 8.4 In the event that a staff, committee, or Compliance Audit team member violates any of the confidentiality rules set forth above, the staff, committee, or Compliance Audit team member and any member organization with which the individual is associated may be subject to

appropriate action by the Regional Entity or NERC, including prohibiting participation in future Compliance Monitoring and Enforcement Program activities.

9. **Auditor Training** — NERC shall develop and provide training in auditing skills to all people who participate in NERC and Regional Entity Compliance Audits. Training for NERC and Regional Entity personnel and others who serve as Compliance Audit team leaders shall be more comprehensive than training given to industry subject matter experts and Regional Entity members. Training for Regional Entity members may be delegated to the Regional Entity.

403. Required Attributes of Regional Entity Compliance Monitoring and Enforcement Programs

Each Regional Entity Compliance Monitoring and Enforcement Program shall promote excellence in the enforcement of Reliability Standards. To accomplish this goal, each Regional Entity Compliance Monitoring and Enforcement Program shall (i) conform to and comply with the NERC uniform Compliance Monitoring and Enforcement Program, **Appendix 4C** to these Rules of Procedure, except to the extent of any deviations that are stated in the Regional Entity's delegation agreement, and (ii) meet all of the attributes set forth in this Section 403.

Program Structure

1. **Independence** — Each Regional Entity's governance of its Compliance Monitoring and Enforcement Program shall exhibit independence, meaning the Compliance Monitoring and Enforcement Program shall be organized so that its compliance monitoring and enforcement activities are carried out separately from other activities of the Regional Entity. The Compliance Monitoring and Enforcement Program shall not be unduly influenced by the Bulk Power System owners, operators, and users being monitored or other Regional Entity activities that are required to meet the Reliability Standards. Regional Entities must include rules providing that no two industry sectors may control any decision and no single segment may veto any matter related to compliance.
2. **Exercising Authority** — Each Regional Entity Compliance Monitoring and Enforcement Program shall exercise the responsibility and authority in carrying out the delegated functions of the NERC Compliance Monitoring and Enforcement Program in accordance with delegation agreements and **Appendix 4C**. These functions include but are not limited to: data gathering, data reporting, Compliance Investigations, Compliance Audit activities, evaluating compliance and noncompliance, imposing Penalties and sanctions, and approving and tracking mitigation actions.
3. **Delegation of Authority** — To maintain independence, fairness, and consistency in the NERC Compliance Monitoring and Enforcement Program, a Regional Entity shall not sub-delegate its Compliance Monitoring and Enforcement Program duties to entities or persons other than the Regional Entity Compliance Staff, unless (i) required by statute or regulation in the applicable jurisdiction, or

(ii) by agreement with express approval of NERC and of FERC or other Applicable Governmental Authority, to another Regional Entity.

4. **Hearings of Contested Findings or Sanctions** — The Regional Entity board or compliance panel reporting directly to the Regional Entity board (with appropriate recusal procedures) will be vested with the authority for conducting compliance hearings in which any Bulk Power System owner, operator, or user provided a Notice of Alleged Violation may present facts and other information to contest a Notice of Alleged Violation or any proposed Penalty, sanction, any Remedial Action Directive, or any Mitigation Plan component. Compliance hearings shall be conducted in accordance with the Hearing Procedures set forth in Attachment 2 to **Appendix 4C**. If a stakeholder body serves as the Hearing Body, no two industry sectors may control any decision and no single segment may veto any matter related to compliance after recusals.

Program Resources

5. **Regional Entity Compliance Staff** — Each Regional Entity shall have sufficient resources to meet delegated compliance monitoring and enforcement responsibilities, including the necessary professional staff to manage and implement the Regional Entity Compliance Monitoring and Enforcement Program.
6. **Regional Entity Compliance Staff Independence** — The Regional Entity Compliance Staff shall be capable of and required to make all determinations of compliance and noncompliance and determine Penalties, sanctions, and Remedial Action Directives and to review and accept Mitigation Plans and other Mitigating Activities.
 - 6.1 Regional Entity Compliance Staff shall not have a conflict of interest, real or perceived, in the outcome of compliance monitoring and enforcement processes, reports, or sanctions. The Regional Entity shall have in effect a conflict of interest policy.
 - 6.2 Regional Entity Compliance Staff shall have the authority and responsibility to carry out compliance monitoring and enforcement processes (with the input of industry subject matter experts), make determinations of compliance or noncompliance, and levy Penalties and sanctions without interference or undue influence from Regional Entity members and their representative or other industry entities.
 - 6.3 Regional Entity Compliance Staff may call upon independent technical subject matter experts who have no conflict of interest in the outcome of the compliance monitoring and enforcement process to provide technical advice or recommendations in the determination of compliance or noncompliance.
 - 6.4 Regional Entity Compliance Staff shall abide by the confidentiality requirements contained in Section 1500 and **Appendix 4C** of these Rules of Procedure, the NERC delegation agreement and other confidentiality

agreements required by the NERC Compliance Monitoring and Enforcement Program.

6.5 Contracting with independent consultants or others working for the Regional Entity Compliance Monitoring and Enforcement Program shall be permitted provided the individual has not received compensation from a Bulk Power System owner, operator, or user being monitored for a period of at least the preceding six months and owns no financial interest in any Bulk Power System owner, operator, or user being monitored for compliance to the Reliability Standard, regardless of where the Bulk Power System owner, operator, or user operates. Any such individuals for the purpose of these Rules of Procedure shall be considered as augmenting Regional Entity Compliance Staff.

7. Use of Industry Subject Matter Experts and Regional Entity Members — Industry experts and Regional Entity members may be called upon to provide their technical expertise in Compliance Monitoring and Enforcement Program activities.

7.1 The Regional Entity shall have procedures defining the allowable involvement of industry subject matter experts and Regional Entity members. The procedures shall address applicable antitrust laws and conflicts of interest.

7.2 Industry subject matter experts and Regional Entity members shall have no conflict of interest or financial interests in the outcome of their activities.

7.3 Regional Entity members and industry subject matter experts, as part of teams or Regional Entity committees, may provide input to the Regional Entity Compliance Staff so long as the authority and responsibility for (i) evaluating and determining compliance or noncompliance and (ii) levying Penalties, sanctions, or Remedial Action Directives shall not be delegated to any person or entity other than the Compliance Staff of the Regional Entity. Industry subject matter experts, Regional Entity members, or Regional Entity committees shall not make determinations of noncompliance or levy Penalties, sanctions, or Remedial Action Directives. Any committee involved shall be organized so that no two industry sectors may control any decision and no single segment may veto any matter related to compliance.

7.4 Industry subject matter experts and Regional Entity members shall sign a confidentiality agreement appropriate for the activity being performed.

7.5 All industry subject matter experts and Regional Entity members participating in Compliance Audits and Compliance Investigations shall successfully complete auditor training provided by NERC or the Regional Entity prior to performing these activities

Program Design

8. **Regional Entity Compliance Monitoring and Enforcement Program Content** — All approved Reliability Standards shall be included in the Regional Entity Compliance Monitoring and Enforcement Program for all Bulk Power System owners, operators, and users within the defined boundaries of the Regional Entity. Compliance to approved Regional Reliability Standards is applicable only within the Region of the Regional Entity that submitted those particular Regional Reliability Standards for approval. NERC will identify the minimum set of Reliability Standards and Requirements to be actively monitored by the Regional Entity in a given year.
9. **Antitrust Provisions** — Each Regional Entity's Compliance Monitoring and Enforcement Program shall be structured and administered to abide by U.S. antitrust law and Canadian competition law.
10. **Information Submittal** — All Bulk Power System owners, operators, and users within the Regional Entity responsible for complying with Reliability Standards shall submit timely and accurate information when requested by the Regional Entity or NERC. NERC and the Regional Entities shall preserve any mark of confidentiality on information submitted pursuant to Section 1502.1.
 - 10.1 Each Regional Entity has the authority to collect the necessary information to determine compliance and shall develop processes for gathering data from the Bulk Power System owners, operators, and users the Regional Entity monitors.
 - 10.2 The Regional Entity or NERC has the authority to request information from Bulk Power System owners, operators, and users pursuant to Section 401.3 or this Section 403.10 without invoking a specific compliance monitoring and enforcement process in **Appendix 4C**, for purposes of determining whether to pursue one such process in a particular case and/or validating in the enforcement phase of a matter the conclusions reached through the compliance monitoring and enforcement process(es).
 - 10.3 When required or requested, the Regional Entities shall report information to NERC promptly and in accordance with **Appendix 4C** and other NERC procedures.
 - 10.4 Regional Entities shall notify NERC of all Possible, Alleged and Confirmed Violations of NERC Reliability Standards by Registered Entities over which the Regional Entity has compliance monitoring and enforcement authority, in accordance with **Appendix 4C**.
 - 10.5 A Bulk Power System owner, operator, or user found in noncompliance with a Reliability Standard shall submit a Mitigation Plan with a timeline addressing how the noncompliance will be corrected, unless an enforcement process is used that does not require a Mitigation Plan. The

Regional Entity Compliance Staff shall review and accept the Mitigation Plan in accordance with **Appendix 4C**.

10.6 An officer of a Bulk Power System owner, operator, or user shall certify as accurate all compliance data Self-Reported to the Regional Entity Compliance Monitoring and Enforcement Program.

10.7 Regional Entities shall develop and implement procedures to verify the compliance information submitted by Bulk Power System owners, operators, and users.

11. Compliance Audits of Bulk Power System Owners, Operators, and Users — Each Regional Entity will maintain and implement a program of proactive Compliance Audits of Bulk Power System owners, operators, and users responsible for complying with Reliability Standards, in accordance with **Appendix 4C**. A Compliance Audit is a process in which a detailed review of the activities of a Bulk Power System owner, operator, or user is performed to determine if that Bulk Power System owner, operator, or user is complying with approved Reliability Standards.

11.1 For an entity registered as a Balancing Authority, Reliability Coordinator, or Transmission Operator, the Compliance Audit will be performed at least once every three years. For other Bulk Power System owners, operators, and users on the NERC Compliance Registry, Compliance Audits shall be performed on a schedule established by NERC.

11.2 Compliance Audits of Balancing Authorities, Reliability Coordinators, and Transmission Operators will include a component at the audited entity's site. For other Bulk Power System owners, operators, and users on the NERC Compliance Registry, the Compliance Audit may be either an on-site Compliance Audit or based on review of documents, as determined to be necessary and appropriate by NERC or Regional Entity Compliance Staff.

11.3 Compliance Audits must include a detailed review of the activities of the Bulk Power System owner, operator, or user to determine if the Bulk Power System owner, operator, or user is complying with all approved Reliability Standards identified for audit by NERC. The Compliance Audit shall include a review of supporting documentation and evidence used by the Bulk Power System owner, operator or user to demonstrate compliance for an appropriate period prior to the Compliance Audit.

12. Confidentiality of Compliance Monitoring and Enforcement Processes — All compliance monitoring and enforcement processes, and information obtained from such processes, are to be non-public and treated as confidential in accordance with Section 1500 and **Appendix 4C** of these Rules of Procedure, unless NERC, the Regional Entity or FERC or another Applicable Governmental

Authority with jurisdiction determines a need to conduct a Compliance Monitoring and Enforcement Program process on a public basis, provided, that NERC and the Regional Entities shall publish (i) schedules of Compliance Audits scheduled in each year, (ii) a public report of each Compliance Audit, and (iii) Notices of Penalty and settlement agreements. Advance authorization from the Applicable Governmental Authority is required to make public any compliance monitoring and enforcement process or any information relating to a compliance monitoring and enforcement process, or to permit interventions when determining whether to impose a Penalty. This prohibition on making public any compliance monitoring and enforcement process does not prohibit NERC or a Regional Entity from publicly disclosing (i) the initiation of or results from an analysis of a significant system event under Section 807 or of off-normal events or system performance under Section 808, or (ii) information of general applicability and usefulness to owners, operators, and users of the Bulk Power System concerning reliability and compliance matters, so long as specific allegations or conclusions regarding Possible or Alleged Violations of Reliability Standards are not included in such disclosures.

13. **Critical Energy Infrastructure Information** — Information that would jeopardize Bulk Power System reliability, including information relating to a Cyber Security Incident will be identified and protected from public disclosure as Critical Energy Infrastructure Information. In accordance with Section 1500, information deemed by a Bulk Power System owner, operator, or user, Regional Entity, or NERC as Critical Energy Infrastructure Information shall be redacted according to NERC procedures and shall not be released publicly.
14. **Penalties, Sanctions, and Remedial Action Directives** — Each Regional Entity will apply all Penalties, sanctions, and Remedial Action Directives in accordance with the approved *Sanction Guidelines*, **Appendix 4B** to these Rules of Procedure. Any changes to the *Sanction Guidelines* to be used by any Regional Entity must be approved by NERC and submitted to the Applicable Governmental Authority for approval. All Confirmed Violations, Penalties, and sanctions, including Confirmed Violations, Penalties and sanctions specified in a Regional Entity Hearing Body decision, will be provided to NERC for review and filing with Applicable Governmental Authorities as a Notice of Penalty, in accordance with **Appendix 4C**.
15. **Regional Entity Hearing Process** — Each Regional Entity Compliance Monitoring and Enforcement Program shall establish and maintain a fair, independent, and nondiscriminatory process for hearing contested violations and any Penalties or sanctions levied, in conformance with Attachment 2 to **Appendix 4C** to these Rules of Procedure and any deviations therefrom that are set forth in the Regional Entity's delegation agreement. The hearing process shall allow Bulk Power System owners, operators, and users to contest findings of compliance violations, any Penalties and sanctions that are proposed to be levied, proposed Remedial Action Directives, and components of proposed Mitigation Plans. The Regional Entity hearing process shall be conducted before the Regional Entity

board or a balanced committee established by and reporting to the Regional Entity board as the final adjudicator at the Regional Entity level, provided, that Canadian provincial regulators may act as the final adjudicator in their respective jurisdictions. The Regional Entity hearing process shall (i) include provisions for recusal of any members of the Hearing Body with a potential conflict of interest, real or perceived, from all compliance matters considered by the Hearing Body for which the potential conflict of interest exists and (ii) provide that no two industry sectors may control any decision and no single segment may veto any matter brought before the Hearing Body after recusals.

Each Regional Entity will notify NERC of all hearings and NERC may observe any of the proceedings. Each Regional Entity will notify NERC of the outcome of all hearings.

If a Bulk Power System owner, operator, or user or a Regional Entity has completed the Regional Entity hearing process and desires to appeal the outcome of the hearing, the Bulk Power System owner, operator, or user or the Regional Entity shall appeal to NERC in accordance with Section 409 of these Rules of Procedure, except that a determination of violation or Penalty that has been directly adjudicated by an Applicable Governmental Authority shall be appealed with that Applicable Governmental Authority.

16. **Annual Regional Entity Compliance Monitoring and Enforcement Program Implementation Plan** — Each Regional Entity shall annually develop and submit to NERC for approval a Regional Entity Compliance Monitoring and Enforcement Implementation Plan in accordance with **Appendix 4C** that identifies the Reliability Standards and Requirements to be actively monitored (both those required by NERC and any additional Reliability Standards the Regional Entity proposes to monitor), and how each NERC and Regional Entity identified Reliability Standard will be monitored, evaluated, reported, sanctioned, and appealed. These Regional Implementation Plans will be submitted to NERC on the schedule established by NERC, generally on or about October 1 of the preceding year. In conjunction with the annual Regional Implementation Plan, each Regional Entity must report to NERC regarding how it carried out its delegated compliance monitoring and enforcement authority in the previous year, the effectiveness of the Compliance Monitoring and Enforcement Program, and changes expected to correct any deficiencies identified. Each Regional Entity will provide its annual report on the schedule established by NERC, generally on or about February 15 of the following year.

404. NERC Monitoring of Compliance for Regional Entities or Bulk Power Owners, Operator, or Users

NERC shall monitor Regional Entity compliance with NERC Reliability Standards and, if no there is no delegation agreement in effect with a Regional Entity for the geographic area, shall monitor Bulk Power System owners, operators, and users for compliance with NERC Reliability Standards. Industry subject matter experts may be used as appropriate in Compliance Investigations, Compliance Audits, and other Compliance Monitoring and

Enforcement Program activities, subject to confidentiality, antitrust, and conflict of interest provisions.

1. **NERC Obligations** — NERC Compliance Staff shall monitor the compliance of the Regional Entity with the Reliability Standards for which the Regional Entities are responsible, in accordance with **Appendix 4C**. NERC shall actively monitor in its annual Compliance Enforcement and Monitoring Program selected Reliability Standards that apply to the Regional Entities. NERC shall evaluate compliance and noncompliance with all of the Reliability Standards that apply to the Regional Entities and shall impose sanctions, Penalties, or Remedial Action Directives when there is a finding of noncompliance. NERC shall post all violations of Reliability Standards that apply to the Regional Entities as described in the reporting and disclosure process in **Appendix 4C**.

In addition, NERC will directly monitor Bulk Power System owners, operators, and users for compliance with NERC Reliability Standards in any geographic area for which there is not a delegation agreement in effect with a Regional Entity, in accordance with **Appendix 4C**. In such cases, NERC will serve as the Compliance Enforcement Authority described in **Appendix 4C**. Compliance matters contested by Bulk Power System owners, operators, and users in such an event will be heard by the NERC Compliance and Certification Committee.

2. **Compliance Audit of the Regional Entity** — NERC shall perform a Compliance Audit of each Regional Entity responsible for complying with Reliability Standards at least once every three years. NERC shall make an evaluation of compliance based on the information obtained through the Compliance Audit. After due process is complete, the final Compliance Audit report shall be made public in accordance with the reporting and disclosure process in **Appendix 4C**.
3. **Appeals Process** — Any Regional Entity or Bulk Power System owner, operator or user found by NERC, as opposed to a Regional Entity, to be in noncompliance with a Reliability Standard may appeal the findings of noncompliance with Reliability Standards and any sanctions or Remedial Action Directives that are issued by, or Mitigation Plan components imposed by, NERC, pursuant to the processes described in Sections 408 through 410.

405. Monitoring of Reliability Standards and Other Requirements Applicable to NERC

The NERC Compliance and Certification Committee shall establish and implement a process to monitor NERC's compliance with the Reliability Standards that apply to NERC. The process shall use independent monitors with no conflict of interest, real or perceived, in the outcomes of the process. All violations shall be made public according to the reporting and disclosure process in **Appendix 4C**. The Compliance and Certification Committee will also establish a procedure for monitoring NERC's compliance with its Rules of Procedure for the Standards Development, Compliance Monitoring and Enforcement, and Organization Registration and Certification Programs. Such procedures shall not be used to circumvent the appeals processes established for those programs.

406. Independent Audits of the NERC Compliance Monitoring and Enforcement Program

NERC shall provide for an independent audit of its Compliance Monitoring and Enforcement Program at least once every three years, or more frequently as determined by the Board. The audit shall be conducted by independent expert auditors as selected by the Board. The independent audit shall meet the following minimum requirements and any other requirements established by the NERC Board.

1. **Effectiveness** — The audit shall evaluate the success and effectiveness of the NERC Compliance Monitoring and Enforcement Program in achieving its mission.
2. **Relationship** — The audit shall evaluate the relationship between NERC and the Regional Entity Compliance Monitoring and Enforcement Programs and the effectiveness of the programs in ensuring reliability.
3. **Final Report Posting** — The final report shall be posted by NERC for public viewing in accordance with **Appendix 4C**.
4. **Response to Recommendations** — If the audit report includes recommendations to improve the NERC Compliance Monitoring and Enforcement Program, the administrators of the NERC Compliance Monitoring and Enforcement Program shall provide a written response and plan to the Board within 30 days of the release of the final audit report.

407. Penalties, Sanctions, and Remedial Action Directives

1. **NERC Review of Regional Entity Penalties and Sanctions** — NERC shall review all Penalties, sanctions, and Remedial Action Directives imposed by each Regional Entity for violations of Reliability Standards, including Penalties, sanctions and Remedial Action Directives that are specified by a Regional Entity Hearing Body final decision issued pursuant to Attachment 2 to **Appendix 4C**, to determine if the Regional Entity's determination is supported by a sufficient record compiled by the Regional Entity, is consistent with the *Sanction Guidelines* incorporated into these Rules of Procedure as **Appendix 4B** and with other directives, guidance and directions issued by NERC pursuant to the delegation agreement, and is consistent with Penalties, sanctions and Remedial Action Directives imposed by the Regional Entity and by other Regional Entities for violations involving the same or similar facts and circumstances.
2. **Developing Penalties and Sanctions** — The Regional Entity Compliance Staff shall use the *Sanction Guidelines*, which are incorporated into these Rules of Procedure as **Appendix 4B**, to develop an appropriate Penalty, sanction, or Remedial Action Directive for a violation, and shall notify NERC of the Penalty, sanction or Remedial Action Directive.
3. **Effective Date of Penalty** — Where authorized by applicable legislation or agreement, no Penalty imposed for a violation of a Reliability Standard shall take effect until the thirty-first day after NERC files, with the Applicable

Governmental Authority, a “Notice of Penalty” and the record of the proceedings in which the violation and Penalty were determined, or such other date as ordered by the Applicable Governmental Authority.

408. Review of NERC Decisions

1. **Scope of Review** — A Registered Entity or a Regional Entity wishing to challenge a finding of noncompliance and the imposition of a Penalty for a compliance measure directly administered by NERC, or a Regional Entity wishing to challenge a Regional Entity Compliance Monitoring and Enforcement Program audit finding, may do so by filing a notice of the challenge with NERC’s director of enforcement no later than 21 days after issuance of the notice of finding of violation or audit finding. Appeals by Registered Entities or Regional Entities of decisions of Regional Entity Hearing Bodies shall be pursuant to Section 409.
2. **Contents of Notice** — The notice of challenge shall include the full text of the decision that is being challenged, a concise statement of the error or errors contained in the decision, a clear statement of the relief being sought, and argument in sufficient detail to justify such relief.
3. **Response by NERC Compliance Monitoring and Enforcement Program** — Within 21 days after receiving a copy of the notice of challenge, the NERC director of enforcement may file with the Hearing Panel a response to the issues raised in the notice, with a copy to the Regional Entity.
4. **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.
5. **Appeal** — The Regional Entity or Registered Entity may appeal the decision of the Compliance and Certification Committee by filing a notice of appeal with NERC’s director of enforcement no later than 21 days after issuance of the written decision by the Compliance and Certification Committee. The notice of appeal shall include the full text of the written decision of the Compliance and Certification Committee that is being appealed, a concise statement of the error or errors contained in the decision, a clear statement of the relief being sought, and argument in sufficient detail to justify such relief. No factual material shall be presented in the appeal that was not presented to the Compliance and Certification Committee.
6. **Response by NERC Compliance Monitoring and Enforcement Program** — Within 21 days after receiving a copy of the notice of appeal, the NERC Compliance Monitoring and Enforcement Program staff may file its response to the issues raised in the notice of appeal, with a copy to the entity filing the notice.

7. **Reply** — The entity filing the appeal may file a reply within 7 days.
8. **Decision** — The Compliance Committee of the NERC Board of Trustees shall decide the appeal, in writing, based upon the notice of appeal, the record, the response, and any reply. At its discretion, the Compliance Committee may invite representatives of the Regional Entity or Registered Entity, and the NERC Compliance Monitoring and Enforcement Program to appear before the Compliance Committee. Decisions of the Compliance Committee shall be final, except for further appeal to the Applicable Governmental Authority.
9. **Impartiality** — No member of the Compliance and Certification Committee or the Board of Trustees Compliance Committee having an actual or perceived conflict of interest in the matter may participate in any aspect of the challenge or appeal except as a party or witness.
10. **Expenses** — Each party in the challenge and appeals processes shall pay its own expenses for each step in the process.
11. **Non-Public Proceedings** — All challenges and appeals shall be closed to the public to protect Confidential Information.

409. Appeals from Final Decisions of Regional Entity Hearing Bodies

1. **Time for Appeal** — A Regional Entity acting as the Compliance Enforcement Authority, or an owner, operator or user of the Bulk Power System, shall be entitled to appeal from a final decision of a Regional Entity Hearing Body concerning an Alleged Violation of a Reliability Standard, a proposed Penalty or sanction for violation of a Reliability Standard, a proposed Mitigation Plan, or a proposed Remedial Action Directive, by filing a notice of appeal with NERC's director of enforcement, with copies to the Regional Entity and any other Participants in the Regional Entity Hearing Body proceeding, no later than 21 days after issuance of the final decision of the Regional Entity Hearing Body.
2. **Contents** — The notice of appeal shall include the full text of the final decision of the Regional Entity Hearing Body that is being appealed, a concise statement of the error or errors contained in the final decision, a clear statement of the relief being sought, and argument in sufficient detail to justify such relief. No factual material shall be presented in the appeal that was not first presented during the proceeding before the Regional Entity Hearing Body.
3. **Response to Notice of Appeal** — Within 21 days after the date the notice of appeal is filed, the Regional Entity shall file the entire record of the Regional Entity Hearing Body proceeding with NERC's director of enforcement, with a copy to the Participant filing the notice. Within 35 days after the date of the notice of appeal, all Participants in the proceeding before the Regional Entity Hearing Body, other than the Participant filing the notice of appeal, shall file their responses to the issues raised in the notice of appeal.

4. **Reply** — The Registered Entity filing the appeal may file a reply to the responses within 7 days.
5. **Decision** — The Compliance Committee of the NERC Board of Trustees shall decide the appeal, in writing, based upon the notice of appeal, the record of the proceeding before the Regional Entity Hearing Body, the responses, and any reply filed with NERC. At its discretion, the Compliance Committee may invite representatives of the entity making the appeal and the other Participants in the proceeding before the Regional Entity Hearing Body to appear before the Committee. Decisions of the Compliance Committee shall be final, except for further appeal to the Applicable Governmental Authority.
6. **Expenses** — Each party in the appeals process shall pay its own expenses for each step in the process.
7. **Non-Public Proceedings** — All appeals shall be closed to the public to protect Confidential Information.
8. **Appeal of Hearing Body Decisions Granting or Denying Motions to Intervene** — This section is not applicable to an appeal of a decision of a Regional Entity Hearing Body granting or denying a motion to intervene in the Regional Entity Hearing Body proceeding. Appeals of decisions of Regional Entity Hearing Bodies granting or denying motions to intervene in Regional Entity Hearing Body proceedings shall be processed and decided pursuant to Section 414.

410. Hold Harmless

A condition of invoking the challenge or appeals processes under Section 408 or 409 is that the entity requesting the challenge or appeal agrees that neither NERC (defined to include its Members, Board of Trustees, committees, subcommittees, staff and industry subject matter experts), any person assisting in the challenge or appeals processes, nor any company employing a person assisting in the challenge or appeals processes, shall be liable, and they shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the challenge or appeals proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.

411. Requests for Technical Feasibility Exceptions to NERC Critical Infrastructure Protection Reliability Standards

A Registered Entity that is subject to an Applicable Requirement of a NERC Critical Infrastructure Protection Standard for which Technical Feasibility Exceptions are permitted, may request a Technical Feasibility Exception to the Requirement, and the request will be reviewed, approved or disapproved, and if approved, implemented, in accordance with the NERC *Procedure for Requesting and Receiving Technical Feasibility Exceptions to NERC Critical Infrastructure Protection Standard*, Appendix 4D to these Rules of Procedure.

412. Certification of Questions from Regional Entity Hearing Bodies for Decision by the NERC Board of Trustees Compliance Committee

1. A Regional Entity Hearing Body that is conducting a hearing concerning a disputed compliance matter pursuant to Attachment 2, Hearing Procedures, of Appendix 4C, may certify to the Board of Trustees, for decision, a significant question of law, policy or procedure the resolution of which may be determinative of the issues in the hearing in whole or in part, and as to which there are other extraordinary circumstances that make prompt consideration of the question by the Compliance Committee appropriate, in accordance with Section 1.5.12 of the Hearing Procedures. All questions certified by a Regional Entity Hearing Body to the Board of Trustees shall be considered and disposed of by the Compliance Committee.
2. The Compliance Committee may accept or reject a certification of a question for decision. If the Compliance Committee rejects the certified question, it shall issue a written statement that the certification is rejected.
3. If the Compliance Committee accepts the certification of a question for decision, it shall establish a schedule by which the Participants in the hearing before the Regional Entity Hearing Body may file memoranda and reply memoranda stating their positions as to how the question certified for decision should be decided by the Compliance Committee. The Compliance Committee may also request, or provide an opportunity for, the NERC compliance operations department, the NERC compliance enforcement department, and/or the NERC general counsel to file memoranda stating their positions as to how the question certified for decision should be decided. After receiving such memoranda and reply memoranda as are filed in accordance with the schedule, the Compliance Committee shall issue a written decision on the certified question.
4. Upon receiving the Compliance Committee's written decision on the certified question, the Regional Entity Hearing Body shall proceed to complete the hearing in accordance with the Compliance Committee's decision.
5. The Compliance Committee's decision, if any, on the certified question shall only be applicable to the hearing from which the question was certified and to the Participants in that hearing.

413. Review and Processing of Regional Entity Hearing Body Final Decisions that Are Not Appealed

NERC shall review and process all final decisions of Regional Entity Hearing Bodies issued pursuant to Attachment 2 to Appendix 4C concerning an Alleged Violation, proposed Penalty or sanction, or proposed Mitigation Plan that are not appealed pursuant to Section 409, as though the determination had been made by the Regional Entity Compliance Monitoring and Enforcement Program. NERC shall review and process such final decisions, and may require that they be modified by the Regional Entity, in

accordance with, as applicable to the particular decision, Sections 5.8, 5.9 and 6.5 of Appendix 4C.

414. Appeals of Decisions of Regional Entity Hearing Bodies Granting or Denying Motions to Intervene in Regional Entity Hearing Body Proceedings

1. **Time to Appeal** — An entity may appeal a decision of a Regional Entity Hearing Body under Section 1.4.4 of Attachment 2 of **Appendix C** denying the entity's motion to intervene in a Regional Entity Hearing Body proceeding, and the Regional Entity Compliance Staff or any other Participant in the Regional Entity Hearing Body proceeding may appeal a decision of the Regional Entity Hearing Body under Section 1.4.4 of Attachment 2 of **Appendix C** granting or denying a motion to intervene in the Regional Entity Hearing Body proceeding, in either case by filing a notice of appeal with the NERC director of enforcement, with copies to the Regional Entity Clerk, the Regional Entity Hearing body, the Hearing Officer, the Regional Entity Compliance Staff, and all other Participants in the Regional Entity Hearing Body proceeding, no later than seven (7) days following the date of the Regional Entity Hearing Body decision granting or denying the motion to intervene.
2. **Contents of Notice of Appeal** — The notice of appeal shall set forth information and argument to demonstrate that the decision of the Regional Entity Hearing Body granting or denying the motion to intervene was erroneous under the grounds for intervention specified in Section 1.4.4 of Attachment 2 of **Appendix 4C** and that the entity requesting intervention should be granted or denied intervention, as applicable. Facts alleged in, and any offers of proof made in, the notice of appeal shall be supported by affidavit or verification. The notice of appeal shall include a copy of the original motion to intervene and a copy of the decision of the Regional Entity Hearing Body granting or denying the motion to intervene.
3. **Responses to Notice of Appeal** — Within ten (10) days following the date the notice of appeal is filed, the Regional Entity Clerk shall transmit to the NERC director of enforcement copies of all pleadings filed in the Regional Entity Hearing Body proceeding on the motion to intervene. Within fourteen (14) days following the date the notice of appeal is filed, the Regional Entity Hearing Body, the Regional Entity Compliance Staff, and any other Participants in the Regional Entity Hearing Body proceeding, may each file a response to the notice of appeal with the NERC director of enforcement. Within seven (7) days following the last day for filing responses, the entity filing the notice of appeal, and any Participant in the Regional Entity Hearing Body proceeding that supports the appeal, may file replies to the responses with the NERC director of enforcement.
4. **Disposition of Appeal** — The appeal shall be considered and decided by the Compliance Committee. The NERC director of enforcement shall provide copies of the notice of appeal and any responses and replies to the Compliance Committee. The Compliance Committee shall issue a written decision on the

appeal; provided, that if the Compliance Committee does not issue a written decision on the appeal within forty-five (45) days following the date of filing the notice of appeal, the appeal shall be deemed denied and the decision of the Regional Entity Hearing Body granting or denying the motion to intervene shall stand. The NERC director of enforcement shall transmit copies of the Compliance Committee's decision, or shall provide notice that the forty-five (45) day period has expired with no decision by the Compliance Committee, to the Regional Entity Clerk, the Regional Entity Hearing Body, the entity filing the notice of appeal, the Regional Entity Compliance Staff, and any other Participants in the Regional Entity Hearing Body proceeding that filed responses to the notice of appeal or replies to responses.

5. **Appeal of Compliance Committee Decision to FERC or Other Applicable Governmental Authority** — Any entity aggrieved by the decision of the Compliance Committee on an appeal of a Regional Entity Hearing Body decision granting or denying a motion to intervene in a Regional Entity Hearing Body proceeding (including a denial of such appeal by the expiration of the forty-five (45) day period as provided in Section 414.4) may appeal or petition for review of the decision of the Compliance Committee to FERC or to another Applicable Governmental Authority having jurisdiction over the matter, in accordance with the authorities, rules and procedures of FERC or such other Applicable Governmental Authority. Any such appeal or petition for review shall be filed within the time period, if any, and in the form and manner, specified by the applicable statutes, rules or regulations governing proceedings before FERC or the other Applicable Governmental Authority.

SECTION 500 — ORGANIZATION REGISTRATION AND CERTIFICATION

501. Scope of the Organization Registration and Organization Certification Programs

The purpose of the Organization Registration Program is to clearly identify those entities that are responsible for compliance with the FERC approved Reliability Standards. Organizations that are registered are included on the NERC Compliance Registry (NCR) and are responsible for knowing the content of and for complying with all applicable Reliability Standards. Registered Entities are not and do not become Members of NERC or a Regional Entity, by virtue of being listed on the NCR. Membership in NERC is governed by Article II of NERC's Bylaws; membership in a Regional Entity or regional reliability organization is governed by that entity's bylaws or rules.

The purpose of the Organization Certification Program is to ensure that the new entity (i.e., applicant to be an RC, BA, or TOP that is not already performing the function for which it is applying to be certified as) has the tools, processes, training, and procedures to demonstrate their ability to meet the Requirements/sub-Requirements of all of the Reliability Standards applicable to the function(s) for which it is applying thereby demonstrating the ability to become certified and then operational.

Organization Registration and Organization Certification may be delegated to Regional Entities in accordance with the procedures in this Section 500; the NERC *Organization Registration and Organization Certification Manual*, which is incorporated into these Rules of Procedure as **Appendix 5A**; and, approved Regional Entity delegation agreements or other applicable agreements.

1. **NERC Compliance Registry** — NERC shall establish and maintain the NCR of the Bulk Power System owners, operators, and users that are subject to approved Reliability Standards.
 - 1.1 (a) The NCR shall set forth the identity and functions performed for each organization responsible for meeting Requirements/sub-Requirements of the Reliability Standards. Bulk Power System owners, operators, and users (i) shall provide to NERC and the applicable Regional Entity information necessary to complete the Registration, and (ii) shall 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.
 - (b) A generation or transmission cooperative, a joint-action agency or another organization may register as a Joint Registration Organization (JRO), in lieu of each of the JRO's members or related entities being registered individually for one or more functions. Refer to Section 507.

(c) Multiple entities may each register using a Coordinated Functional Registration (CFR) for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function pursuant to a written agreement for the division of compliance responsibility. Refer to Section 508.

- 1.2 In the development of the NCR, NERC and the Regional Entities shall determine 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 of Procedure as **Appendix 5B**.
- 1.3 NERC and the Regional Entities shall use the following rules for establishing and maintaining the NCR based on the Registration criteria as set forth in **Appendix 5B** *Statement of Compliance Registry Criteria*:
 - 1.3.1 NERC shall notify each organization that it is on the NCR. The Registered Entity is responsible for compliance with all the Reliability Standards applicable to the functions for which it is registered from the time it receives the Registration notification from NERC.
 - 1.3.2 Any organization receiving such a notice may challenge its placement on the NCR according to the process in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Section V.
 - 1.3.3 The Compliance Committee of the Board of Trustees shall promptly issue a written decision on the challenge, including the reasons for the decision.
 - 1.3.4 The decision of the Compliance Committee of the Board of Trustees shall be final unless, within 21 days of the date of the Compliance Committee of the Board of Trustees decision, the organization appeals the decision to the Applicable Governmental Authority.
 - 1.3.5 Each Registered Entity identified on the NCR shall notify its corresponding Regional Entity(s) of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the Registered Entity's responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards applicable to its associated Registration.

- 1.4 For all geographical or electrical areas of the Bulk Power System, the Registration process shall ensure that (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the Reliability Standards to the fullest extent practical, and (2) there is no unnecessary duplication of such coverage or of required oversight of such coverage. In particular the process shall:
 - 1.4.1 Ensure that all areas are under the oversight of one and only one Reliability Coordinator.
 - 1.4.2 Ensure that all Balancing Authorities and Transmission Operator entities² are under the responsibility of one and only one Reliability Coordinator.
 - 1.4.3 Ensure that all transmission Facilities of the Bulk Power System are the responsibility and under the control of one and only one Transmission Planner, Planning Authority, and Transmission Operator.
 - 1.4.4 Ensure that all Loads and generators are under the responsibility and control of one and only one Balancing Authority.
 - 1.5 NERC shall maintain the NCR of organizations responsible for meeting the Requirements/sub-Requirements of the Reliability Standards currently in effect on its website and shall update the NCR monthly.
 - 1.6 With respect to: (i) entities to be registered for the first time; (ii) currently-registered entities or (iii) previously-registered entities, for which registration status changes are sought, including availability and composition of a sub-set list of applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements), the registration process steps in Section III of **Appendix 5A** apply.
 - 1.7 NERC shall establish a NERC-led, centralized review panel, comprised of a NERC lead with Regional Entity participants, in accordance with **Appendix 5A**, *Organization Registration and Organization Certification Manual*, Section III.D and **Appendix 5B**, *Statement of Compliance Registry Criteria*.
2. **Entity Certification** — NERC shall provide for Certification of all entities with primary reliability responsibilities requiring Certification. This includes those

² Some organizations perform the listed functions (e.g., Balancing Authority, Transmission Operator) over areas that transcend the Footprints of more than one Reliability Coordinator. Such organizations will have multiple Registrations, with each such Registration corresponding to that portion of the organization's overall area that is within the Footprint of a particular Reliability Coordinator.

entities that satisfy the criteria established in the NERC provisional Certification process. The NERC programs shall:

- 2.1 Evaluate and certify the competency of entities performing reliability functions. The entities presently expected to be certified include Reliability Coordinators, Transmission Operators, and Balancing Authorities.
- 2.2 Evaluate and certify each applicant's ability to meet the requirements for Certification.
- 2.3 Maintain process documentation.
- 2.4 Maintain records of currently certified entities.
- 2.5 Issue a Certification document to the applicant that successfully demonstrates its competency to perform the evaluated functions.

3. Delegation and Oversight

- 3.1 NERC may delegate responsibilities for Organization Registration and Organization Certification to Regional Entities in accordance with requirements established by NERC. Delegation will be via the delegation agreement between NERC and the Regional Entity or other applicable agreement. The Regional Entity shall administer Organization Registration and Organization Certification Programs in accordance with such delegations to meet NERC's programs goals and requirements subject to NERC oversight.
- 3.2 NERC shall develop and maintain a plan to ensure the continuity of Organization Registration and Organization Certification within the geographic or electrical boundaries of a Regional Entity in the event that no entity is functioning as a Regional Entity for that Region, or the Regional Entity withdraws as a Regional Entity, or does not operate its Organization Registration and Organization Certification Programs in accordance with delegation agreements.
- 3.3 NERC shall develop and maintain a program to monitor and oversee the NERC Organization Registration and Organization Certification Programs activities that are delegated to each Regional Entity through a delegation agreement or other applicable agreement.
 - 3.3.1 This program shall monitor whether the Regional Entity carries out those delegated activities in accordance with NERC requirements, and whether there is consistency, fairness of administration, and comparability.

- 3.3.2 Monitoring and oversight shall be accomplished through direct participation in the Organization Registration and Organization Certification Programs with periodic reviews of documents and records of both programs.

502. Organization Registration and Organization Certification Program Requirements

1. NERC shall maintain the Organization Registration and Organization Certification Programs.
 - 1.1 The roles and authority of Regional Entities in the programs are delegated from NERC pursuant to the Rules of Procedure through regional delegation agreements or other applicable agreements.
 - 1.2 Processes for the programs shall be administered by NERC and the Regional Entities. Materials that each Regional Entity uses are subject to review and approval by NERC.
 - 1.3 The appeals process for the Organization Registration and Organization Certification Programs are identified in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Sections V and VI, respectively.
 - 1.4 The Certification Team membership is identified in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Section IV.8.d.
2. To ensure consistency and fairness of the Organization Registration and Organization Certification Programs, NERC shall develop procedures to be used by all Regional Entities and NERC in accordance with the following criteria:
 - 2.1 NERC and the Regional Entities shall have data management processes and procedures that provide for confidentiality, integrity, and retention of data and information collected.
 - 2.2 Documentation used to substantiate the conclusions of the Regional Entity/ NERC related to Registration and/or Certification must be retained by the Regional Entity for (6) six years, unless a different retention period is otherwise identified, for the purposes of future audits of these programs.
 - 2.3 To maintain the integrity of the NERC Organization Registration and Organization Certification Programs, NERC, Regional Entities, Certification Team members, program audit team members (Section 506), and committee members shall maintain the confidentiality of information provided by an applicant or entities.
 - 2.2.1 NERC and the Regional Entities shall have appropriate codes of conduct and confidentiality agreements for staff, Certification

Team, Certification related committees, and Certification program audit team members.

- 2.2.2 NERC, Regional Entities, Certification Team members, program audit team members and committee members shall maintain the confidentiality of any Registration or Certification-related discussions or documents designated as confidential (see Section 1500 for types of Confidential Information).
 - 2.2.3 NERC, Regional Entities, Certification Team members, program audit team members and committee members shall treat as confidential the individual comments expressed during evaluations, program audits and report-drafting sessions.
 - 2.2.4 Copies of notes, draft reports, and other interim documents developed or used during an entity Certification evaluation or program audit shall be destroyed after the public posting of a final, uncontested report.
 - 2.2.5 Information deemed by an applicant, entity, a Regional Entity, or NERC as confidential, including Critical Energy Infrastructure Information, shall not be released publicly or distributed outside of a committee or team.
 - 2.2.6 In the event that an individual violates any of the confidentiality rules set forth above, that individual and any member organization with which the individual is associated will be subject to immediate dismissal from the audit team and may be prohibited from future participation in Compliance Monitoring and Enforcement Program activities by the Regional Entity or NERC.
 - 2.2.7 NERC shall develop and provide training in auditing skills to all individuals prior to their participation in Certification evaluations. Training for Certification Team leaders shall be more comprehensive than the training given to industry subject matter experts and Regional Entity members. Training for Regional Entity members may be delegated to the Regional Entity.
- 2.4 An applicant that is determined to be competent to perform a function after completing all Certification requirements shall be deemed certified by NERC to perform that function for which it has demonstrated full competency.
- 2.4.1 All NERC certified entities shall be included on the NCR.

503. Regional Entity Implementation of Organization Registration and Organization Certification Program Requirements

1. **Delegation** — Recognizing the Regional Entity’s knowledge of and experience with their members, NERC may delegate responsibility for Organization Registration and Organization Certification to the Regional Entity through a delegation agreement.
2. **Registration** — The following Organization Registration activities shall be managed by the Regional Entity per the NERC *Organization Registration and Organization Certification Manual*, which is incorporated into the Rules of Procedure as Appendix 5A *Organization Registration and Organization Certification Manual*:
 - 2.1 Regional Entities shall verify that all Reliability Coordinators, Balancing Authorities, and Transmission Operators meet the Registration requirements of Section 501(1.4).
3. **Certification** — The following Organization Certification activities shall be managed by the Regional Entity in accordance with an approved delegation agreement or another applicable agreement:
 - 3.1 An entity seeking Certification to perform one of the functions requiring Certification shall contact the Regional Entity for the Region(s) in which it plans to operate to apply for Certification.
 - 3.2 An entity seeking Certification and other affected entities shall provide all information and data requested by NERC or the Regional Entity to conduct the Certification process.
 - 3.3 Regional Entities shall notify NERC of all Certification applicants.
 - 3.4 NERC and/or the Regional Entity shall evaluate the competency of entities requiring Certification to meet the NERC Certification requirements.
 - 3.5 NERC or the Regional Entity shall establish Certification procedures to include evaluation processes, schedules and deadlines, expectations of the applicants and all entities participating in the evaluation and Certification processes, and requirements for Certification Team members.
 - 3.5.1 The NERC / Regional Entity Certification procedures will include provisions for on-site visits to the applicant’s facilities to review the data collected through questionnaires, interviewing the operations and management personnel, inspecting the facilities and equipment (including requesting a demonstration of all tools identified in the Certification process), reviewing all necessary documents and data (including all agreements, processes, and procedures identified in the Certification process), reviewing Certification documents and projected system operator work schedules, and reviewing any additional documentation needed to

support the completed questionnaire or inquiries arising during the site visit.

- 3.5.2 The NERC/ Regional Entity Certification procedures will provide for preparation of a written report by the Certification Team, detailing any deficiencies that must be resolved prior to granting Certification, along with any other recommendations for consideration by the applicant, the Regional Entity, or NERC.

504. Appeals

1. NERC shall maintain an appeals process to resolve any disputes related to Registration or Certification activities per the *Organization Registration and Organization Certification Manual*, which is incorporated in these Rules of Procedure as Appendix 5A.
2. The Regional Entity Certification appeals process shall culminate with the Regional Entity board or a committee established by and reporting to the Regional Entity board as the final adjudicator, provided that where applicable, Canadian provincial governmental authorities may act as the final adjudicator in their jurisdictions. NERC shall be notified of all appeals and may observe any proceedings (**Appendix 5A** *Organization Registration and Organization Certification Manual*).

505. Program Maintenance

NERC shall maintain its program materials, including such manuals or other documents as it deems necessary, of the governing policies and procedures of the Organization Registration and Organization Certification Programs.

506. Independent Audit of NERC Organization Registration and Organization Certification Program

1. NERC, through the Compliance and Certification Committee, shall provide for an independent audit of its Organization Registration and Organization Certification Programs at least once every three years, or more frequently, as determined by the Board. The audit shall be conducted by independent expert auditors as selected by the Board.
2. The audit shall evaluate the success, effectiveness and consistency of the NERC Organization Registration and Organization Certification Programs.
3. The final report shall be posted by NERC for public viewing.
4. If the audit report includes recommendations to improve the program, the administrators of the program shall provide a written response to the Board within 30 days of the final report, detailing the disposition of each and every

recommendation, including an explanation of the reasons for rejecting a recommendation and an implementation plan for the recommendations accepted.

507. Provisions Relating to Joint Registration Organizations (JRO)

1. In addition to registering as the entity responsible for all functions that it performs itself, an entity may register as a JRO on behalf of one or more of its members or related entities for one or more functions for which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for that function or those functions including all reporting requirements. Any entity seeking to register as a JRO must submit a written agreement with its members or related entities for all Requirements/sub-Requirements for the function(s) for which the entity is registering for and takes responsibility for, which would otherwise be the responsibility of one or more of its members or related entities. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the JRO Registration.
2. The JRO Registration data must include the same Registration information as a normal compliance Registration entry. The JRO is responsible for providing all of the information and data, including submitting reports, as needed by the Regional Entity for performing assessments of compliance.
3. The Regional Entity shall notify NERC of each JRO that the Regional Entity accepts. The notification will identify the point of contact and the function(s) being registered for on behalf of its members or related entities.
4. For purposes of Compliance Audits, the Regional Entity shall keep a list of all JROs. This document shall contain a list of each JRO's members or related entities and the function(s) for which the JRO is registered for that member(s) or related entity(s). It is the responsibility of the JRO to provide the Regional Entity with this information as well as the applicable JRO agreement(s).
5. The Regional Entity may request clarification of any list submitted to it that identifies the members of the JRO and may request such additional information as the Regional Entity deems appropriate.
6. The Regional Entity's acceptance of a JRO shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded the JRO will meet the Registration requirements of Section 501(1.4).
7. NERC shall maintain, and post on its website, a JRO registry listing all JRO Registrations that have been reviewed and accepted by the Regional Entity. The posting shall identify the JRO entity taking compliance responsibilities for itself and its members.

8. The JRO shall inform the Regional Entity of any changes to an existing JRO. The Regional Entity shall promptly notify NERC of each such revision.
9. Nothing in Section 507 shall preclude a member of a JRO, a related entity, or any other entity from registering on its own behalf and undertaking full compliance responsibility including reporting Requirements for the Reliability Standards applicable to the function(s) for which the member or other entity is registering. A JRO member or related entity that registers as responsible for any Reliability Standard or Requirement/sub-Requirement of a Reliability Standard shall inform the JRO of its Registration.

508. Provisions Relating to Coordinated Functional Registration (CFR) Entities

1. In addition to registering as an entity responsible for all functions that it performs itself, multiple entities may each register using a CFR for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function. The CFR submission must include a written agreement that governs itself and clearly specifies the entities' respective compliance responsibilities. The Registration of the CFR is the complete Registration for each entity. Additionally, each entity shall take full compliance responsibility for those Reliability Standards and/or Requirements/sub-Requirements it has registered for in the CFR. Neither NERC nor the Regional Entity shall be parties to any such agreement, nor shall NERC or the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the CFR.
2. Each CFR or each individual entity within a CFR must identify a point of contact that is responsible for providing information and data, including submitting reports as needed by the Regional Entity related to the CFR Registration.
3. The Regional Entity shall notify NERC of each CFR that the Regional Entity accepts.
4. NERC or the Regional Entity may request clarification of any list submitted to it that identifies the compliance responsibilities of the CFR and may request such additional information as NERC or the Regional Entity deems appropriate.
5. The Regional Entity's acceptance of that CFR shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded the CFR will meet the Registration requirements of Section 501(1.4).
6. NERC shall maintain, and post on its website, a CFR registry listing all CFR Registrations that have been accepted by NERC or by a Regional Entity. The posting shall clearly list all the Reliability Standards or Requirements/sub-Requirements thereof for which each entity of the CFR is responsible for under the CFR.

7. The point of contact shall inform the Regional Entity of any changes to an existing CFR. The Regional Entity shall promptly notify NERC of each such revision.
8. In the event of a violation of a Reliability Standard or of a Requirement/sub-Requirement of a Reliability Standard for which an entity of a CFR is registered, that entity shall be identified in the Notice of Alleged Violation and shall be assessed the sanction or Penalty in accordance with the NERC Sanctions Guidelines. In the event a Regional Entity is not able to determine which entity(ies) is responsible for a particular Reliability Standard, or Requirements/sub-Requirements thereof that has been violated, the Regional Entity shall investigate the noncompliance in accordance with the NERC Rules of Procedure Section 400, *Compliance Enforcement*, to determine the entity(ies) to which the Regional Entity shall to issue the sanction or Penalty for the violation.
9. Nothing in Section 508 shall preclude an entity registered in a CFR, or any other entity from registering on its own behalf and undertaking full compliance responsibility including reporting Requirements for the Reliability Standards applicable to the function(s) for which the entity is registering. An entity registered in a CFR that registers as responsible for any Reliability Standard or Requirement/sub-Requirement of a Reliability Standard shall inform the point of contact of its Registration.

509. Exceptions to the Definition of the Bulk Electric System

An Element is considered to be (or not be) part of the Bulk Electric System by applying the BES Definition to the Element (including the inclusions and exclusions set forth therein). Appendix 5C sets forth the procedures by which (i) an entity may request a determination that an Element that falls within the definition of the Bulk Electric System should be exempted from being considered a part of the Bulk Electric System, or (ii) an entity may request that an Element that falls outside of the definition of the Bulk Electric System should be considered part of the Bulk Electric System.

SECTION 600 — PERSONNEL CERTIFICATION

601. Scope of Personnel Certification

Maintaining the reliability of the Bulk Electric System through implementation of the Reliability Standards requires skilled, trained and qualified system operators. The Personnel Certification Program provides the mechanism to ensure system operators are provided the education and training necessary to obtain the essential knowledge and skills and are therefore qualified to operate the Bulk Electric System. The Personnel Certification awards system operator Certification Credentials to individuals who demonstrate that they have attained essential knowledge relating to NERC Reliability Standards as well as principles of Bulk Power System operations. NERC, as the ERO, will ensure skilled, trained, and qualified system operators through the Personnel Certification Program.

Except as necessary to obtain approval of the Rules of Procedure, the NERC Personnel Certification Governance Committee (PCGC) is the governing body that establishes the policies, sets fees, and monitors the performance of the Personnel Certification Program for system operators.

602. Structure of ERO Personnel Certification Program

1. The NERC Personnel Certification Program shall be international in scope.
2. The PCGC shall (1) be able to independently exercise decision-making for all matters pertaining to Certification, (2) include individuals from the discipline being certified and whose composition addresses the needs of the users of the program (e.g., employers, regulators, etc.), and (3) have representation for each specialty or level within a discipline.
3. NERC shall maintain a nominating process for membership in the governing body. Nominations shall be open to all interested parties and self-nominations shall be accepted. The NERC Board of Trustees shall appoint members to the governing body from among those nominated. The members of the governing body shall serve at the pleasure of the Board.
4. The PCGC shall have control over the matters related to the Personnel Certification and re-Certification Programs listed below, without being subject to approval by any other body.
 - 4.1 Policies and procedures, including eligibility requirements and application processing.
 - 4.2 Requirements for personnel Certification, maintaining Certification, and re-Certification.
 - 4.3 Examination content, development, and administration.
 - 4.4 Examination cut score.

- 4.5 Grievance and disciplinary processes.
- 4.6 Governing body and subgroup(s)' meeting rules including agenda, frequency, and related procedures.
- 4.7 Subgroup(s) appointments and work assignments.
- 4.8 Publications about personnel Certification and re-Certification.
- 4.9 Setting fees for application, and all other services provided as a part of the personnel Certification and re-Certification activities.
- 4.10 Program funding, spending, and budget authority. Financial matters related to the operation of the program shall be segregated from other NERC activities.
5. The Personnel Certification Program shall utilize written procedures for the selection of members of the governing body that prohibit the governing body from selecting a majority of its successors.
6. The Personnel Certification Program shall be separate from the accreditation and education functions of NERC in related disciplines.
7. No member of the PCGC or staff member working with the Personnel Certification Program governing body shall have or exercise any authority or responsibility for compliance matters related to Reliability Standards concerning personnel Certification.

603. Examination and Maintenance of NERC System Operator Certification Credentials

1. System operators seeking to obtain a Credential must pass an examination to earn the Credential.
2. A certificate will be issued to successful candidates which is valid for three years.
3. A system operator must earn Continuing Education Hours (CE Hours) in NERC-Approved Learning Activities within the three-year period preceding the expiration date of his/her certificate as determined by the PCGC and posted in the NERC System Operator Program Manual. A system operator must request a renewal and submit the appropriate fee for Certification renewal evaluation.
4. The Credential of a certified system operator who does not accumulate the required number and balance of CE Hours within the three-year period will be Suspended. A system operator with a Suspended certificate cannot perform any task that requires an operator to be NERC-certified. The system operator with a Suspended Credential will have up to twelve months to acquire the necessary CE Hours.

- 4.1 During the time of suspension, the original anniversary date will be maintained. Therefore, should the system operator accumulate the required number of CE Hours within the twelve month suspension period, he/she will be issued a certificate that will be valid for three years from the previous expiration date.
- 4.2 At the end of the twelve-month suspension period, if the system operator has not accumulated the required number of CE Hours, the Credential will be Revoked and all CE Hours earned will be forfeited. After a Credential is Revoked, the system operator will be required to pass an examination to become certified.
5. **Hardship:** Due to unforeseen events and extenuating circumstances, a certified system operator may be unable to accumulate the necessary CE Hours in the time frame required by the Personnel Certification Program to maintain the Credential. In such an event, the individual must submit a written request containing a thorough explanation of the circumstances and supporting information to the NERC Personnel Certification Manager. The PCGC retains the right to invoke this hardship clause as it deems appropriate to address such events or circumstances.

604. Dispute Resolution Process

1. Any dispute arising under the NERC agreement establishing the *NERC Personnel Certification Program* or from the establishment of any NERC rules, policies, or procedures dealing with any segment of the Certification process shall be subject to the NERC System Operator Certification Dispute Resolution Process. The Dispute Resolution Process is for the use of persons who hold an operator Certification or persons wishing to be certified to dispute the validity of the examination, the content of the test, the content outlines, or the Registration process.
2. Dispute Resolution Process consists of three steps.
 - 2.1. **Notify NERC Personnel Certification Program Staff:** This first step can usually resolve the issues without further actions. It is expected that most disputes will be resolved at this step. If the issue(s) is not resolved to the satisfaction of the parties involved in the first step, the issue can be brought to the PCGC Dispute Resolution Task Force.
 - 2.2. **PCGC Dispute Resolution Task Force:** If the NERC staff did not resolve the issue(s) to the satisfaction of the parties involved, a written request must be submitted to the chairman of the PCGC through NERC staff explaining the issue(s) and requesting further action. Upon receipt of the letter, the PCGC chairman will present the request to the PCGC Dispute Resolution Task Force for action. This task force consists of three current members of the PCGC. The PCGC Dispute Resolution Task Force will

investigate and consider the issue(s) presented and make a decision. This decision will then be communicated to the submitting party, the PCGC chairman, and the NERC staff within 45 calendar days of receipt of the request.

3. Personnel Certification Governance Committee: If the PCGC Dispute Resolution Task Force's decision did not resolve the issue(s) to the satisfaction of the parties involved, the final step in the process is for the issue(s) to be brought before the PCGC. Within 45 days of the date of the Task Force's decision, the disputing party shall submit a written request to the PCGC chairman through NERC staff requesting that the issue(s) be brought before the PCGC for resolution. The chairman shall see that the necessary documents and related data are provided to the PCGC members as soon as practicable. The PCGC will then meet or conference to discuss the issue(s) and make their decision within 60 calendar days of the chairman's receipt of the request. The decision will be provided to the person bringing the issue(s) and the NERC staff. The PCGC is the governing body of the Certification program and its decision is final.
4. Dispute Resolution Process Expenses: All individual expenses associated with the Dispute Resolution Process, including salaries, meetings, or consultant fees, shall be the responsibility of the individual parties incurring the expense.
5. Decision Process: Robert's Rules of Order shall be used as a standard of conduct for the Dispute Resolution Process. A majority vote of the members present will decide all issues. The vote will be taken in a closed session. No member of the PCGC may participate in the Dispute Resolution Process, other than as a party or witness, if he or she has an interest in the particular matter.
 - 5.1 A stipulation of invoking the Dispute Resolution Process is that the entity invoking the Dispute Resolution Process agrees that neither NERC (its members, Board of Trustees, committees, subcommittees, and staff), any person assisting in the Dispute Resolution Process, nor any company employing a person assisting in the Dispute Resolution Process, shall be liable, and they shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the Dispute Resolution Process. This "hold harmless" clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.

605. Disciplinary Action

1. Disciplinary action may be necessary to protect the integrity of the system operator Credential. The PCGC may initiate disciplinary action should an individual act in a manner that is inconsistent with expectations, including but not limited to:

- 1.1. Willful, gross, and/or repeated violation of the NERC Reliability Standards as determined by a NERC investigation.
 - 1.2. Willful, gross, and/or repeated negligence in performing the duties of a certified system operator as determined by a NERC investigation.
 - 1.3. Intentional misrepresentation of information provided on a NERC application for a system operator Certification exam or to maintain a system operator Credential using CE Hours.
 - 1.4. Intentional misrepresentation of identification in the exam process, including a person identifying himself or herself as another person to obtain Certification for the other person.
 - 1.5. Any form of cheating during a Certification exam, including, but not limited to, bringing unauthorized reference material in the form of notes, crib sheets, or other methods of cheating into the testing center.
 - 1.6. A certified system operator's admission to or conviction of any felony or misdemeanor directly related to his/her duties as a system operator.
2. **Hearing Process:** Upon report to NERC of a candidate's or certified system operator's alleged misconduct, the NERC PCGC Credential Review Task Force will convene for the determination of facts. An individual, government agency, or other investigating authority can file a report. Unless the Task Force initially determines that the report of alleged misconduct is without merit, the candidate or certified system operator will be given the right to notice of the allegation. A hearing will be held and the charged candidate or certified system operator will be given an opportunity to be heard and present further relevant information. The Task Force may seek out information from other involved parties. The hearing will not be open to the public, but it will be open to the charged candidate or certified system operator and his or her representative. The Task Force will deliberate in a closed session, but the Task Force cannot receive any evidence during the closed session that was not developed during the course of the hearing.
 3. **Task Force's decision:** The Task Force's decision will be unanimous and will be in writing with inclusion of the facts and reasons for the decision. The Task Force's written decision will be delivered to the PCGC and by certified post to the charged candidate or certified system operator. In the event that the Task Force is unable to reach a unanimous decision, the matter shall be brought to the full committee for a decision.
 - 3.1. **No Action:** Allegation of misconduct was determined to be unsubstantiated or inconsequential to the Credential.
 - 3.2. **Probation:** A letter will be sent from NERC to the offender specifying:

- 3.2.1. The length of time of the probationary period (to be determined by the PCGC).
 - 3.2.2. Credential will remain valid during the probationary period.
 - 3.2.3. The probationary period does not affect the expiration date of the current certificate.
 - 3.2.4. During the probationary period, a subsequent offense of misconduct, as determined through the same process as described above, may be cause for more serious consequences.
 - 3.3. Revoke for Cause: A letter will be sent from NERC to the offender specifying:
 - 3.3.1. The length of time of the probationary period (to be determined by the PCGC).
 - 3.3.2. Credential is no longer valid.
 - 3.3.3. Successfully passing an exam will be required to become recertified.
 - 3.3.4. An exam will not be authorized until the revocation period expires
 - 3.4. Termination of Credential: A letter will be sent from NERC to the offender specifying permanent removal of Credential.
4. Credential Review Task Force: The Credential Review Task Force shall be comprised of three active members of the PCGC assigned by the Chairman of the PCGC on an ad hoc basis. No one on the Credential Review Task Force may have an interest in the particular matter. The Task Force will meet in a venue determined by the Task Force chairman.
5. Appeal Process: The decision of the Task Force may be appealed using the NERC System Operator Certification Dispute Resolution Process.

606. Candidate Testing Mechanisms

1. The Personnel Certification Program shall utilize reliable testing mechanisms to evaluate individual competence in a manner that is objective, fair to all candidates, job-related, and based on the knowledge and skill needed to function in the discipline.

2. The Personnel Certification Program shall implement a formal policy of periodic review of the testing mechanisms to ensure ongoing relevance of the mechanisms to knowledge and skill needed in the discipline.
3. The Personnel Certification Program shall utilize policies and procedures to ensure that all test administration and development materials are secure and demonstrate that these policies and procedures are consistently implemented.
4. The Personnel Certification Program shall establish pass/fail levels that protect the public with a method that is based on competence and generally accepted in the psychometric community as being fair and reasonable.
5. The Personnel Certification Program shall conduct ongoing studies to substantiate the reliability and validity of the testing mechanisms.
6. The Personnel Certification Program shall utilize policies and procedures that govern how long examination records are kept in their original format.
7. The Personnel Certification Program shall demonstrate that different forms of the testing mechanisms assess equivalent content and that candidates are not penalized for taking forms of varying difficulty.

607. Public Information About the Personnel Certification Program

1. The Personnel Certification Program shall maintain and publish publicly a System Operator Certification Program Manual describing the procedures used in examination construction and validation; all eligibility requirements and determination; fees; and examination administration documents, including: reporting of results, re-Certification requirements, and disciplinary and dispute resolution.
2. The Personnel Certification Program shall maintain and publish publicly a comprehensive summary or outline of the information, knowledge, or functions covered by each examination.
3. The Personnel Certification Program shall publish publicly and make available at least annually a summary of Certification activities for the program, including at least the following information: number of examinations delivered, the number passed, the number failed, and the number certified.

608. Responsibilities to Applicants for Certification or Re-Certification

The Personnel Certification Program:

1. Shall not discriminate among applicants as to age, gender, race, religion, national origin, disability, or marital status and shall include a statement of non-discrimination in announcements of the program.

2. Shall comply with all requirements of applicable federal and state/provincial laws with respect to all Certification and re-Certification activities, and shall require compliance of all contractors and/or providers of services.
3. Shall make available to all applicants copies of formalized procedures for application for, and attainment of, personnel Certification and re-Certification and shall uniformly follow and enforce such procedures for all applicants.
4. Shall implement a formal policy for the periodic review of eligibility criteria and application procedures to ensure that they are fair and equitable.
5. Shall provide competently proctored examination sites.
6. Shall uniformly report examination results to applicants in a timely manner.
7. Shall give applicants failing the examination information on general content areas of deficiency.

609. Responsibilities to the Public and to Employers of Certified Practitioners

The Personnel Certification Program:

1. Shall demonstrate that the testing mechanisms adequately measure the knowledge and skill required for entry, maintenance, and/or advancement in the profession for each position to be certified.
2. Shall award Certification and re-Certification only after the skill and knowledge of the individual have been evaluated and determined to be acceptable.
3. Shall maintain, in an electronic format, a current list of those persons certified in the programs and have policies and procedures that delineate what information about a Credential holder may be made public and under what circumstances.
4. Shall have formal policies and procedures for discipline of a Credential holder, including the revocation of the certificate, for conduct deemed harmful to the public or inappropriate to the discipline (e.g., incompetence, unethical behavior, physical or mental impairment affecting performance). These procedures shall incorporate due process.
5. Shall demonstrate that any title or Credential awarded accurately reflects or applies to the practitioner's daily occupational or professional duties and is not confusing to employers, consumers, regulators, related professions, and/or other interested parties.

SECTION 700 — RELIABILITY READINESS EVALUATION AND IMPROVEMENT AND FORMATION OF SECTOR FORUMS

701. Confidentiality Requirements for Readiness Evaluations and Evaluation Team Members

1. All information made available or created during the course of any reliability readiness evaluation including, but not limited to, data, Documents, observations and notes, shall be maintained as confidential by all evaluation team members, in accordance with the requirements of Section 1500.
2. Evaluation team members are obligated to destroy all confidential evaluation notes following the posting of the final report of the reliability readiness evaluation.
3. NERC will retain reliability readiness evaluation-related documentation, notes, and materials for a period of time as defined by NERC.
4. These confidentiality requirements shall survive the termination of the NERC Reliability Readiness Evaluation and Improvement Program.

702. Formation of Sector Forum

1. NERC will form a sector forum at the request of any five members of NERC that share a common interest in the safety and reliability of the Bulk Power System. The members of sector forum may invite such others of the members of NERC to join the sector forum as the sector forum deems appropriate.
2. The request to form a sector forum must include a proposed charter for the sector forum. The Board must approve the charter.
3. NERC will provide notification of the formation of a sector forum to its membership roster. Notices and agendas of meetings shall be posted on NERC's website.
4. A sector forum may make recommendations to any of the NERC committees and may submit a Standards Authorization Request to the NERC *Reliability Standards Development Procedure*.

SECTION 800 — RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS

801. Objectives of the Reliability Assessment and Performance Analysis Program

The objectives of the NERC Reliability Assessment and Performance Analysis Program are to: (1) conduct, and report the results of, an independent assessment of the overall reliability and adequacy of the interconnected North American Bulk Power Systems, both as existing and as planned; (2) analyze off-normal events on the Bulk Power System; (3) identify the root causes of events that may be precursors of potentially more serious events; (4) assess past reliability performance for lessons learned; (5) disseminate findings and lessons learned to the electric industry to improve reliability performance; and (6) develop reliability performance benchmarks. The final reliability assessment reports shall be approved by the Board for publication to the electric industry and the general public.

802. Scope of the Reliability Assessment Program

1. The scope of the Reliability Assessment Program shall include:
 - 1.1 Review, assess, and report on the overall electric generation and transmission reliability (adequacy and operating reliability) of the interconnected Bulk Power Systems, both existing and as planned.
 - 1.2 Assess and report on the key issues, risks, and uncertainties that affect or have the potential to affect the reliability of existing and future electric supply and transmission.
 - 1.3 Review, analyze, and report on Regional Entity self-assessments of electric supply and bulk power transmission reliability, including reliability issues of specific regional concern.
 - 1.4 Identify, analyze, and project trends in electric customer demand, supply, and transmission and their impacts on Bulk Power System reliability.
 - 1.5 Investigate, assess, and report on the potential impacts of new and evolving electricity market practices, new or proposed regulatory procedures, and new or proposed legislation (e.g. environmental requirements) on the adequacy and operating reliability of the Bulk Power Systems.
2. The Reliability Assessment Program shall be performed in a manner consistent with the Reliability Standards of NERC including but not limited to those that specify reliability assessment Requirements.

803. Reliability Assessment Reports

The number and type of periodic assessments that are to be conducted shall be at the discretion of NERC. The results of the reliability assessments shall be documented in three reports: the long-term and the annual seasonal (summer) and the annual seasonal (winter) assessment reports. NERC shall also conduct special reliability assessments from time to time as circumstances warrant. The reliability assessment reports shall be reviewed and approved for publication by the Board. The three regular reports are described below.

1. **Long-Term Reliability Assessment Report** — The annual long-term report shall cover a ten-year planning horizon. The planning horizon of the long-term reliability assessment report shall be subject to change at the discretion of NERC. Detailed generation and transmission adequacy assessments shall be conducted for the first five years of the review period. For the second five years of the review period, the assessment shall focus on the identification, analysis, and projection of trends in peak demand, electric supply, and transmission adequacy, as well as other industry trends and developments that may impact future electric system reliability. Reliability issues of concern and their potential impacts shall be presented along with any mitigation plans or alternatives. The long-term reliability assessment reports will generally be published in the fall (September) of each year. NERC will also publish electricity supply and demand data associated with the long-term reliability assessment report.
2. **Summer Assessment Report** — The annual summer seasonal assessment report typically shall cover the four-month (June–September) summer period. It shall provide an overall perspective on the adequacy of the generation resources and the transmission systems necessary to meet projected summer peak demands. It shall also identify reliability issues of interest and regional and subregional areas of concern in meeting projected customer demands and may include possible mitigation alternatives. The report will generally be published in mid-May for the upcoming summer period.
3. **Winter Assessment Report** — The annual winter seasonal assessment report shall cover the three-month (December–February) winter period. The report shall provide an overall perspective on the adequacy of the generation resources and the transmission systems necessary to meet projected winter peak demands. Similar to the summer assessment, the winter assessment shall identify reliability issues of interest and regional and subregional areas of concern in meeting projected customer demands and may also include possible mitigation alternatives. The winter assessment report will generally be published in mid-November for the upcoming winter period.
4. **Special Reliability Assessment Reports** — In addition to the long-term and seasonal reliability assessment reports, NERC shall also conduct special reliability assessments on a regional, interregional, and Interconnection basis as conditions warrant, or as requested by the Board or governmental authorities. The teams of reliability and technical experts also may initiate special assessments of key

reliability issues and their impacts on the reliability of a regions, subregions, or Interconnection (or a portion thereof). Such special reliability assessments may include, among other things, operational reliability assessments, evaluations of emergency response preparedness, adequacy of fuel supply, hydro conditions, reliability impacts of new or proposed environmental rules and regulations, and reliability impacts of new or proposed legislation that affects or has the potential to affect the reliability of the interconnected Bulk Power Systems in North America.

804. Reliability Assessment Data and Information Requirements

To carry out the reviews and assessments of the overall reliability of the interconnected Bulk Power Systems, the Regional Entities and other entities shall provide sufficient data and other information requested by NERC in support of the annual long-term and seasonal assessments and any special reliability assessments.

Some of the data provided for these reviews and assessment may be considered confidential from a competitive marketing perspective, a Critical Energy Infrastructure Information perspective, or for other purposes. Such data shall be treated in accordance with the provisions of Section 1500 – Confidential Information.

While the major sources of data and information for this program are the Regional Entities, a team of reliability and technical experts is responsible for developing and formulating its own independent conclusions about the near-term and long-term reliability of the Bulk Power Systems.

In connection with the reliability assessment reports, requests shall be submitted to each of the Regional Entities for required reliability assessment data and other information, and for each Regional Entity’s self-assessment report. The timing of the requests will be governed by the schedule for the preparation of the assessment reports.

The Regional Entity self-assessments are to be conducted in compliance with NERC Reliability Standards and the respective regional planning criteria. The team(s) of reliability and technical experts shall also conduct interviews with the Regional Entities as needed. The summary of the Regional Entity self-assessments that are to be included in the assessment reports shall follow the general outline identified in NERC’s request. This outline may change from time to time as key reliability issues change.

In general, the Regional Entity reliability self-assessments shall address, among other areas, the following topics: demand and Net Energy for Load; assessment of projected resource adequacy; any transmission constraints that may impact bulk transmission adequacy and plans to alleviate those constraints; any unusual operating conditions that could impact reliability for the assessment period; fuel supply adequacy; the deliverability of generation (both internal and external) to Load; and any other reliability issues in the Region and their potential impacts on the reliability of the Bulk Power Systems.

805. Reliability Assessment Process

Based on their expertise, the review of the collected data, the review of the Regional Entity self-assessment reports, and interviews with the Regional Entities, as appropriate, the teams of reliability and technical experts shall perform an independent review and assessment of the generation and transmission adequacy of each Region's existing and planned Bulk Power System. The results of the review teams shall form the basis of NERC's long-term and seasonal reliability assessment reports. The review and assessment process is briefly summarized below.

1. **Resource Adequacy Assessment** — The teams shall evaluate the regional demand and resource capacity data for completeness in the context of the overall resource capacity needs of the Region. The team shall independently evaluate the ability of the Regional Entity members to serve their obligations given the demand growth projections, the amount of existing and planned capacity, including committed and uncommitted capacity, contracted capacity, or capacity outside of the Region. If the Region relies on capacity from outside of the Region to meet its resource objectives, the ability to deliver that capacity shall be factored into the assessment. The demand and resource capacity information shall be compared to the resource adequacy requirements of the Regional Entity for the year(s) or season(s) being assessed. The assessment shall determine if the resource information submitted represents a reasonable and attainable plan for the Regional Entity and its members. For cases of inadequate capacity or reserve margin, the Regional Entity will be requested to analyze and explain any resource capacity inadequacies and its plans to mitigate the reliability impact of the potential inadequacies. The analysis may be expanded to include surrounding areas. If the expanded analysis indicates further inadequacies, then an interregional problem may exist and will be explored with the applicable Regions. The results of these analyses shall be described in the assessment report.
2. **Transmission Adequacy and Operating Reliability Assessment** — The teams shall evaluate transmission system information that relates to the adequacy and operating reliability of the regional transmission system. That information shall include: regional planning study reports, interregional planning study reports, and/or regional operational study reports. If additional information is required, another data request shall be sent to the Regional Entity. The assessment shall provide a judgment on the ability of the regional transmission system to operate reliably under the expected range of operating conditions over the assessment period as required by NERC Reliability Standards. If sub-areas of the regional system are especially critical to the Reliable Operation of the regional bulk transmission system, these Facilities or sub-areas shall be reviewed and addressed in the assessment. Any areas of concern related to the adequacy or operating reliability of the system shall be identified and reported in the assessment.
3. **Seasonal Operating Reliability Assessment** — The team(s) shall evaluate the overall operating reliability of the regional bulk transmission systems. In areas with potential resource adequacy or system operating reliability problems, operational readiness of the affected Regional Entities for the upcoming season

shall be reviewed and analyzed. The assessment may consider unusual but possible operating scenarios and how the system is expected to perform. Operating reliability shall take into account a wide range of activities, all of which should reinforce the Regional Entity's ability to deal with the situations that might occur during the upcoming season. Typical activities in the assessment may include: facility modifications and additions, new or modified operating procedures, emergency procedures enhancement, and planning and operating studies. The teams shall report the overall seasonal operating reliability of the regional transmission systems in the annual summer and winter assessment reports.

4. **Reporting of Reliability Assessment Results** — The teams of reliability and technical experts shall provide an independent assessment of the reliability of the Regional Entities and the North American interconnected Bulk Power System for the period of the assessment. While the Regional Entities are relied upon to provide the information to perform such assessments, the review team is not required to accept the conclusions provided by the Regional Entities. Instead, the review team is expected, based on their expertise, to reach their own independent conclusions about the status of the adequacy of the generation and bulk power transmission systems of North America.

The review team also shall strive to achieve consensus in their assessments. The assessments that are made are based on the best information available at the time. However, since judgment is applied to this information, legitimate differences of opinion can develop. Despite these differences, the review team shall work to achieve consensus on their findings.

In addition to providing long-term and seasonal assessments in connection with the Reliability Assessment Program, the review team of experts shall also be responsible for recommending new and revised Reliability Standards related to the reliability assessments and the reliability of the Bulk Power Systems. These proposals for new or revised Reliability Standards shall be entered into NERC's Reliability Standards development process.

Upon completion of the assessment, the team shall share the results with the Regional Entities. The Regional Entities shall be given the opportunity to review and comment on the conclusions in the assessment and to provide additional information as appropriate. The reliability assessments and their conclusions are the responsibility of NERC's technical review team and NERC.

The preparation and approval of NERC's reliability assessment reports shall follow a prescribed schedule including review, comment, and possible approval by appropriate NERC committees. The long-term and seasonal (summer and winter) reliability assessment reports shall be further reviewed for approval by the Board for publication to the electric industry.

806. Scope of the Reliability Performance and Analysis Program

The components of the program will include analysis of large-scale outages, disturbances, and near misses to determine root causes and lessons learned; identification and continuous monitoring of performance indices to detect emerging trends and signs of a decline in reliability performance; and communications of performance results, trends, recommendations, and initiatives to those responsible to take actions; followed with confirmation of actions to correct any deficiencies identified. Within NERC, the reliability performance program will provide performance results to the Reliability Standards Development and Compliance Monitoring and Enforcement Programs to make the necessary adjustments to preserve reliability based on a risk-based approach.

807. Analysis of Major Events

Responding to major events affecting the Bulk Power System such as significant losses of Load or generation, significant Bulk Power System disturbances, or other emergencies on the Bulk Power System, can be divided into four phases: situational assessment and communications; situation tracking and communications; data collection, investigation, analysis, and reporting; and follow-up on recommendations.

1. NERC's role following a major event is to provide leadership, coordination, technical expertise, and assistance to the industry in responding to the major event. Working closely with the Regional Entities and Reliability Coordinators, and other appropriate Registered Entities, NERC will coordinate and facilitate efforts among industry participants, and with state, federal, and provincial governments in the United States and Canada to support the industry's response.
2. When responding to any major event where physical or cyber security is suspected as a cause or contributing factor to the major event, NERC will immediately notify appropriate government agencies and coordinate its activities with them.
3. To the extent that a Reliability Standard sets forth specific criteria and procedures for reporting the Bulk Power System disturbances and events described in that Reliability Standard, all Registered Entities that are subject to the Requirements of that Reliability Standard must report the information required by that Reliability Standard within the time periods specified. In addition to reporting information as required by applicable Reliability Standards, each user, owner, and operator of the Bulk Power System shall also provide NERC and the applicable Regional Entities with such additional information requested by NERC or the applicable Regional Entity as is necessary to enable NERC and the applicable Regional Entities to carry out their responsibilities under this section.
4. During the conduct of NERC analyses, assistance may be needed from government agencies. This assistance could include: authority to require data reporting from affected or involved parties; communications with other agencies of government; investigations related to possible criminal or terrorist involvement in the major event; resources for initial data gathering immediately after the major

event; authority to call meetings of affected or involved parties; and technical and analytical resources for studies.

5. NERC shall work with all other participants to establish a clear delineation of roles, responsibilities, and coordination requirements among industry and government for the investigation and reporting of findings, conclusions, and recommendations related to major events with the objective of avoiding, to the extent possible, multiple investigations of the same major event. If the major event is confined to a single Regional Entity, NERC representatives will participate as members of the Regional Entity analysis team. NERC will establish, maintain, and revise from time to time as appropriate based on experience, a manual setting forth procedures and protocols for communications and sharing and exchange of information between and among NERC, the affected Regional Entity or Entities, and relevant governmental authorities, industry organizations and Bulk Power System user, owners, and operators concerning the investigation and analysis of major events.
6. NERC and applicable entity(s) will apply, as appropriate to the circumstances of the major event, the NERC *Blackout and Disturbance Response Procedures*, which are incorporated into these Rules of Procedure as **Appendix 8**. These procedures provide a framework to guide NERC's response to major events that may have multiregional, national, or international implications. Experienced industry leadership shall be applied to tailor the response to the specific circumstances of the major event. In accordance with those procedures, the NERC president will determine whether the major event warrants analysis at the NERC level. A Regional Entity may request that NERC elevate any analysis of a major event to the NERC level.
7. NERC will screen and analyze the findings and recommendations from the analysis, and those with generic applicability will be disseminated to the industry through various means appropriate to the circumstances, including in accordance with Section 810.

808. Analysis of Off-Normal Occurrences, Bulk Power System Performance, and Bulk Power System Vulnerabilities

1. NERC and Regional Entities will analyze Bulk Power System and equipment performance occurrences that do not rise to the level of a major event, as described in Section 807. NERC and Regional Entities will also analyze potential vulnerabilities in the Bulk Power System that they discover or that are brought to their attention by other sources including government agencies. The purpose of these analyses is to identify the root causes of occurrences or conditions that may be precursors of major events or other potentially more serious occurrences, or that have the potential to cause major events or other more serious occurrences, to assess past reliability performance for lessons learned, and to develop reliability performance benchmarks and trends.

2. NERC and Regional Entities will screen and analyze off-normal occurrences, Bulk Power System performance, and potential Bulk Power System vulnerabilities for significance, and information from those indicated as having generic applicability will be disseminated to the industry through various means appropriate to the circumstances, including in accordance with Section 810.
3. To the extent that a Reliability Standard sets forth specific criteria and procedures for reporting the Bulk Power System disturbances and events described in that Reliability Standard, all Registered Entities that are subject to the Requirements of that Reliability Standard must report the information required by that Reliability Standard within the time periods specified. In addition to reporting information as required by applicable Reliability Standards, each user, owner, and operator, of the Bulk Power System shall provide NERC and the applicable Regional Entities with such additional information requested by NERC or the applicable Regional Entities as is necessary to enable NERC and the applicable Regional Entities to carry out their responsibilities under this section.

809. Reliability Benchmarking

NERC shall identify and track key reliability indicators as a means of benchmarking reliability performance and measuring reliability improvements. This program will include assessing available metrics, developing guidelines for acceptable metrics, maintaining a performance metrics “dashboard” on the NERC website, and developing appropriate reliability performance benchmarks.

810. Information Exchange and Issuance of NERC Advisories, Recommendations and Essential Actions

1. Members of NERC and Bulk Power System owners, operators, and users shall provide NERC with detailed and timely operating experience information and data.
2. In the normal course of operations, NERC disseminates the results of its events analysis findings, lessons learned and other analysis and information gathering to the industry. These findings, lessons learned and other information will be used to guide the Reliability Assessment Program.
3. When NERC determines it is necessary to place the industry or segments of the industry on formal notice of its findings, analyses, and recommendations, NERC will provide such notification in the form of specific operations or equipment Advisories, Recommendations or Essential Actions:
 - 3.1 Level 1 (Advisories) – purely informational, intended to advise certain segments of the owners, operators and users of the Bulk Power System of findings and lessons learned;
 - 3.2 Level 2 (Recommendations) – specific actions that NERC is recommending be considered on a particular topic by certain segments of

owners, operators, and users of the Bulk Power System according to each entity's facts and circumstances;

- 3.3 Level 3 (Essential Actions) – specific actions that NERC has determined are essential for certain segments of owners, operators, or users of the Bulk Power System to take to ensure the reliability of the Bulk Power System. Such Essential Actions require NERC Board approval before issuance.
4. The Bulk Power System owners, operators, and users to which Level 2 (Recommendations) and Level 3 (Essential Actions) notifications apply are to evaluate and take appropriate action on such issuances by NERC. Such Bulk Power System owners, operators, and users shall also provide reports of actions taken and timely updates on progress towards resolving the issues raised in the Recommendations and Essential Actions in accordance with the reporting date(s) specified by NERC.
5. NERC will advise the Commission and other Applicable Governmental Authorities of its intent to issue all Level 1 (Advisories), Level 2 (Recommendations), and Level 3 (Essential Actions) at least five (5) business days prior to issuance, unless extraordinary circumstances exist that warrant issuance less than five (5) business days after such advice. NERC will file a report with the Commission and other Applicable Governmental Authorities no later than thirty (30) days following the date by which NERC has requested the Bulk Power System owners, operators, and users to which a Level 2 (Recommendation) or Level 3 (Essential Action) issuance applies to provide reports of actions taken in response to the notification. NERC's report to the Commission and other Applicable Governmental Authorities will describe the actions taken by the relevant owners, operators, and users of the Bulk Power System and the success of such actions taken in correcting any vulnerability or deficiency that was the subject of the notification, with appropriate protection for Confidential Information or Critical Energy Infrastructure Information.

811. Equipment Performance Data

Through its Generating Availability Data System (GADS), NERC shall collect operating information about the performance of electric generating equipment; provide assistance to those researching information on power plant outages stored in its database; and support equipment reliability as well as availability analyses and other decision-making processes developed by GADS subscribers. GADS data is also used in conducting assessments of generation resource adequacy.

SECTION 900 — TRAINING AND EDUCATION

901. Scope of the Training and Education Program

Maintaining the reliability of the Bulk Electric System through implementation of the Reliability Standards requires informed and trained personnel. The training and education program will provide the education and training necessary for Bulk Power System personnel and regulators to obtain the essential knowledge necessary to understand and operate the Bulk Electric System.

NERC shall develop and maintain training and education programs for the purpose of establishing training requirements, developing materials, and developing training activities. The target audience of the training and education programs shall be Bulk Power System operating personnel including system operations personnel, operations support personnel (engineering and information technology), supervisors and managers, training personnel, and other personnel directly responsible for complying with NERC Reliability Standards who, through their actions or inactions, may impact the real-time, or day-ahead reliability of the Bulk Power System.

NERC shall also develop and provide appropriate training and education for industry participants and regulators affected by new or changed Reliability Standards or compliance Requirements.

To accomplish those objectives:

1. NERC shall periodically conduct job task analyses for targeted Bulk Power System personnel to ensure that the training program content is properly aligned to the job tasks performed by those personnel.
2. NERC shall develop and maintain personnel training program curriculum requirements based on valid job-task analysis.
3. NERC shall periodically conduct performance surveys to determine the effectiveness of the training program and identify areas for further training development and improvement.
4. NERC shall develop training and education materials and activities to assist Bulk Power System entities implementing new or revised Reliability Standard Requirements or other NERC-related changes.
5. NERC shall develop and provide training to people who participate in NERC and Regional Entity evaluations, audits, and investigations for the Compliance Monitoring and Enforcement Program, Organization Certification Program, and the continuing education program.

902. Continuing Education Program

NERC shall develop and maintain a continuing education program to foster the improvement of training and to promote quality in the training programs used by and

implemented by Bulk Power System entities. The program shall approve or accredit those activities and entities meeting NERC continuing education requirements.

1. NERC shall develop and implement continuing education program requirements that promote excellence in training programs and advance improved performance for Bulk Power System personnel identified in Section 901.
2. NERC shall develop and maintain a process to approve or accredit continuing education Providers and activities seeking approval or accreditation and meeting NERC-approved continuing education requirements.
3. NERC shall perform periodic audits on continuing education Providers and training activities to ensure that the approved or accredited Providers and training activities satisfy NERC continuing education requirements.
4. NERC shall develop and maintain an appeals process for disputed application reviews, interpretations of guidelines and standards, probation or suspension of NERC-approved Provider status, or Continuing Education Hour disputes.

SECTION 1000 — SITUATION AWARENESS AND INFRASTRUCTURE SECURITY

1001. Situation Awareness

NERC shall through the use of Reliability Coordinators and available tools, monitor present conditions on the Bulk Power System and provide leadership coordination, technical expertise, and assistance to the industry in responding to events as necessary. To accomplish these goals, NERC will:

1. Maintain real-time situation awareness of conditions on the Bulk Power System;
2. Notify the industry of significant Bulk Power System events that have occurred in one area, and which have the potential to impact reliability in other areas;
3. Maintain and strengthen high-level communication, coordination, and cooperation with governments and government agencies regarding real-time conditions; and
4. Enable the Reliable Operation of interconnected Bulk Power Systems by facilitating information exchange and coordination among reliability service organizations.

1002. Reliability Support Services

NERC may assist in the development of tools and other support services for the benefit of Reliability Coordinators and other system operators to enhance reliability, operations and planning. NERC will work with the industry to identify new tools, collaboratively develop requirements, support development, provide an incubation period, and at the end of that period, transition the tool or service to another group or owner for long term operation of the tool or provision of the service. To accomplish this goal, NERC will:

1. Collaborate with industry to determine the necessity of new tools or services to enhance reliability;
2. For those tools that the collaborative process determines should proceed to a development phase, provide a start-up mechanism and development system;
3. Implement the tool either on its own or through an appropriate group or organization; and
4. Where NERC conducts the implementation phase of a new tool or service, develop a transition plan to turn maintenance and provision of the tool or service over to an organization identified in the development stage.

In addition to tools developed as a result of a collaborative process with industry, NERC may develop reliability tools on its own, but will consult with industry concerning the need for the tool prior to proceeding to development.

Tools and services being maintained by NERC as of January 1, 2012, will be reviewed and, as warranted, transitioned to an appropriate industry group or organization. NERC will develop and maintain a strategic reliability tools plan that will list the tools and services being maintained by NERC, and, where applicable, the plans for transition to an appropriate industry group or organization.

1003. Infrastructure Security Program

NERC shall coordinate electric industry activities to promote Critical Infrastructure protection of the Bulk Power System in North America by taking a leadership role in Critical Infrastructure protection of the electricity sector so as to reduce vulnerability and improve mitigation and protection of the electricity sector's Critical Infrastructure. To accomplish these goals, NERC shall perform the following functions.

1. Electric Sector Information Sharing and Analysis Center (ESISAC)
 - 1.1 NERC shall serve as the electricity sector's sector coordinator and operate its Information Sharing and Analysis Center to gather information and communicate security-related threats and incidents within the sector, with United States and Canadian government agencies, and with other Critical Infrastructure sectors.
 - 1.2 NERC shall improve the capability of the ESISAC to analyze security threats and incident information and provide situational assessments for the electricity sector and governments.
 - 1.3 NERC shall work closely with the United States Department of Homeland Security, Department of Energy, Natural Resources Canada, and Public Safety and Emergency Preparedness Canada.
 - 1.4 NERC shall strengthen and expand these functions and working relationships with the electricity sector, other Critical Infrastructure industries, governments, and government agencies throughout North America to ensure the protection of the infrastructure of the Bulk Power System.
 - 1.5 NERC shall fill the role of the Electricity Sector Coordinating Council and coordinate with the Government Coordinating Council.
 - 1.6 NERC shall coordinate with other Critical Infrastructure sectors through active participation with the other Sector Coordinating Councils, the other ISACs, and the National Infrastructure Advisory Committee.
 - 1.7 NERC shall encourage and participate in coordinated Critical Infrastructure protection exercises, including interdependencies with other Critical Infrastructure sectors.
2. Security Planning

- 2.1 NERC shall take a risk management approach to Critical Infrastructure protection, considering probability and severity, and recognizing that mitigation and recovery can be practical alternatives to prevention.
- 2.2 NERC shall keep abreast of the changing threat environment through collaboration with government agencies.
- 2.3 NERC shall develop criteria to identify critical physical assets and Critical Cyber Assets, assess security threats, identify risk assessment methodologies, and assess effectiveness of physical and cyber protection measures.
- 2.4 NERC shall enhance and maintain the Bulk Power System critical spare transformer program, encourage increased participation by asset owners, and continue to assess the need to expand this program to include other critical Bulk Power System equipment.
- 2.5 NERC shall support implementation of the Critical Infrastructure Protection Standards through education and outreach.
- 2.6 NERC shall review and improve existing security guidelines, develop new security guidelines to meet the needs of the electricity sector, and consider whether any guidelines should be developed into Reliability Standards.
- 2.7 NERC shall conduct education and outreach initiatives to increase awareness and respond to the needs of the electricity sector.
- 2.8 NERC shall strengthen relationships with federal, state, and provincial government agencies on Critical Infrastructure protection matters.
- 2.9 NERC shall maintain and improve mechanisms for the sharing of sensitive or classified information with federal, state, and provincial government agencies on Critical Infrastructure protection matters; work with DOE and DHS to implement the National Infrastructure Protection Plan, as applicable to the electricity sector; and coordinate this work with PSEPC.
- 2.10 NERC shall improve methods to better assess the impact of a possible physical attack on the Bulk Power System and means to deter, mitigate, and respond following an attack.
- 2.11 NERC shall assess the results of vulnerability assessments and enhance the security of system control and data acquisition (SCADA) and process control systems by developing methods to detect an emerging cyber attack and the means to mitigate impacts on the Bulk Power Systems.
- 2.12 NERC shall work with the National SCADA Test Bed and the Process Control Systems Forum to accelerate the development of technology that

will enhance the security, safety, and reliability of process control and SCADA systems.

SECTION 1100 — ANNUAL NERC BUSINESS PLANS AND BUDGETS

1101. Scope of Business Plans and Budgets

The Board shall determine the content of the budgets to be submitted to the Applicable Governmental Authorities with consultation from the members of the Member Representatives Committee, Regional Entities, and others in accordance with the Bylaws. The Board shall identify any activities outside the scope of NERC's statutory reliability functions, if any, and the appropriate funding mechanisms for those activities.

1102. NERC Funding and Cost Allocation

1. In order that NERC's costs shall be fairly allocated among Interconnections and among Regional Entities, the NERC funding mechanism for all statutory functions shall be based on Net Energy for Load (NEL).
2. NERC's costs shall be allocated so that all Load (or, in the case of costs for an Interconnection or Regional Entity, all Load within that Interconnection or Regional Entity) bears an equitable share of such costs based on NEL.
3. Costs shall be equitably allocated between countries or Regional Entities thereof for which NERC has been designated or recognized as the Electric Reliability Organization.
4. Costs incurred to accomplish the statutory functions for one Interconnection, Regional Entity, or group of entities will be directly assigned to that Interconnection, Regional Entity, or group of entities provided that such costs are allocated equitably to end-users based on Net Energy for Load.

1103. NERC Budget Development

1. The NERC annual budget process shall be scheduled and conducted for each calendar year so as to allow a sufficient amount of time for NERC to receive Member inputs, develop the budget, and receive Board and, where authorized by applicable legislation or agreement, Applicable Governmental Authority approval of the NERC budget for the following fiscal year, including timely submission of the proposed budget to FERC for approval in accordance with FERC regulations.
2. The NERC budget submittal to Applicable Governmental Authorities shall include provisions for all ERO functions, all Regional Entity delegated functions as specified in delegation agreements and reasonable reserves and contingencies.
3. The NERC annual budget submittal to Applicable Governmental Authorities shall include description and explanation of NERC's proposed ERO program activities for the year; budget component justification based on statutory or other authorities; explanation of how each budgeted activity lends itself to the accomplishment of the statutory or other authorities; sufficiency of resources

provided for in the budget to carry out the ERO program responsibilities; explanation of the calculations and budget estimates; identification and explanation of changes in budget components from the previous year's budget; information on staffing and organization charts; and such other information as is required by FERC and other Applicable Governmental Authorities having authority to approve the proposed budget.

4. NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, to allow a meaningful comparison of actual results at the NERC and Regional Entity level by the Applicable Governmental Authorities.

1104. Submittal of Regional Entity Budgets to NERC

1. Each Regional Entity shall submit its proposed annual budget for carrying out its delegated authority functions as well as all other activities and funding to NERC in accordance with a schedule developed by NERC and the Regional Entities, which shall provide for the Regional Entity to submit its final budget that has been approved by its board of directors or other governing body no later than July 1 of the prior year, in order to provide sufficient time for NERC's review and comment on the proposed budget and approval of the Regional Entity budget by the NERC Board of Trustees in time for the NERC and Regional Entity budgets to be submitted to FERC and other Applicable Governmental Authorities for approval in accordance with their regulations. The Regional Entity's budget shall include supporting materials in accordance with the budget and reporting format developed by NERC and the Regional Entities, including the Regional Entity's complete business plan and organization chart, explaining the proposed collection of all dues, fees, and charges and the proposed expenditure of funds collected in sufficient detail to justify the requested funding collection and budget expenditures.
2. NERC shall review and approve each Regional Entity's budget for meeting the requirements of its delegated authority. Concurrent with approving the NERC budget, NERC shall review and approve, or reject, each Regional Entity budget for filing.
3. NERC shall also have the right to review from time to time, in reasonable intervals but no less frequently than every three years, the financial books and records of each Regional Entity having delegated authority in order to ensure that the documentation fairly represents in all material aspects appropriate funding of delegated functions.

1105. Submittal of NERC and Regional Entity Budgets to Governmental Authorities for Approval

1. NERC shall file for approval by the Applicable Governmental Authorities at least 130 days in advance of the start of each fiscal year. The filing shall include: (1) the complete NERC and Regional Entity budgets including the business plans and organizational charts approved by the Board, (2) NERC's annual funding requirement (including Regional Entity costs for delegated functions), and (3) the

mechanism for assessing charges to recover that annual funding requirement, together with supporting materials in sufficient detail to support the requested funding requirement.

2. NERC shall seek approval from each Applicable Governmental Authority requiring such approval for the funding requirements necessary to perform ERO activities within their jurisdictions.

1106. NERC and Regional Entity Billing and Collections

1. NERC shall request the Regional Entities to identify all Load-Serving Entities³ within each Regional Entity and the NEL assigned to each Load-Serving Entity, and the Regional Entities shall supply the requested information. The assignment of a funding requirement to an entity shall not be the basis for determining that the entity must be registered in the Compliance Registry.
2. NERC shall accumulate the NEL by Load-Serving Entities for each Applicable Governmental Authority and submit the proportional share of NERC funding requirements to each Applicable Governmental Authority for approval together with supporting materials in sufficient detail to support the requested funding requirement.
3. NEL reported by Balancing Authorities within a Region shall be used to rationalize and validate amounts allocated for collection through Regional Entity processes.
4. The billing and collection processes shall provide:
 - 4.1 A clear validation of billing and application of payments.
 - 4.2 A minimum of data requests to those being billed.
 - 4.3 Adequate controls to ensure integrity in the billing determinants including identification of entities responsible for funding NERC's activities.
 - 4.4 Consistent billing and collection terms.
5. NERC will bill and collect all budget requirements approved by Applicable Governmental Authorities (including the funds required to support those functions assigned to the Regional Entities through the delegation agreements) directly from the Load-Serving Entities or their designees or as directed by particular Applicable Governmental Authorities, except where the Regional Entity is required to collect the budget requirements for NERC, in which case the Regional Entity will collect directly from the Load-Serving Entities or as otherwise

³ A Regional Entity may allocate funding obligations using an alternative method approved by NERC and by FERC and other Applicable Governmental Authorities, as provided for in the regional delegation agreement.

provided by agreement and submit funds to NERC. Alternatively, a load-serving entity may pay its allocated ERO costs through a Regional Entity managed collection mechanism.

6. NERC shall set a minimum threshold limit on the billing of small LSEs to minimize the administrative burden of collection.
7. NERC shall pursue any non-payments and shall request assistance from Applicable Governmental Authorities as necessary to secure collection.
8. In the case where a Regional Entity performs the collection for ERO, the Regional Entity will not be responsible for non-payment in the event that a user, owner or operator of the Bulk Power System does not pay its share of dues, fees and charges in a timely manner, provided that such a Regional Entity shall use reasonably diligent efforts to collect dues, fees, and other charges from all entities obligated to pay them. However, any revenues not paid shall be recovered from others within the same Region to avoid cross-subsidization between Regions.
9. Both NERC and the Regional Entities also may bill members or others for functions and services not within statutory requirements or otherwise authorized by the Applicable Governmental Authorities. Costs and revenues associated with these functions and services shall be separately identified and not commingled with billings associated with the funding of NERC or of the Regional Entities for delegated activities.

1107. Penalty Applications

1. Where NERC or a Regional Entity initiates a compliance monitoring and enforcement process that leads to imposition of a Penalty, the entity that initiated the process shall receive any Penalty monies imposed and collected as a result of that process, unless a different disposition of the Penalty monies is provided for in the delegation agreement, or in a contract or a disposition of the violation that is approved by NERC and FERC.
2. All funds from financial Penalties assessed in the United States received by the entity initiating the compliance monitoring and enforcement process shall be applied as a general offset to the entity's budget requirements for the subsequent fiscal year, if received by July 1, or for the second subsequent fiscal year, if received on or after July 1. Funds from financial Penalties shall not be directly applied to any program maintained by the entity conducting the compliance monitoring and enforcement process. Funds from financial Penalties assessed against a Canadian entity shall be applied as specified by legislation or agreement.
3. In the event that a compliance monitoring and enforcement process is conducted jointly by NERC and a Regional Entity, the Regional Entity shall receive the Penalty monies and offset the Regional Entity's budget requirements for the subsequent fiscal year.

4. Exceptions or alternatives to the foregoing provisions will be allowed if approved by NERC and by FERC or any other Applicable Governmental Authority.

1108. Special Assessments

On a demonstration of unforeseen and extraordinary circumstances requiring additional funds prior to the next funding cycle, NERC shall file with the Applicable Governmental Authorities, where authorized by applicable legislation or agreement, for authorization for an amended or supplemental budget for NERC or a Regional Entity and, if necessary under the amended or supplemental budget, to collect a special or additional assessment for statutory functions of NERC or the Regional Entity. Such filing shall include supporting materials to justify the requested funding, including any departure from the approved funding formula or method.

SECTION 1200 — REGIONAL DELEGATION AGREEMENTS

1201. Pro Forma Regional Delegation Agreement

NERC shall develop and maintain a pro forma Regional Entity delegation agreement, which shall serve as the basis for negotiation of consistent agreements for the delegation of ERO functions to Regional Entities.

1202. Regional Entity Essential Requirements

NERC shall establish the essential requirements for an entity to become qualified and maintain good standing as a Regional Entity.

1203. Negotiation of Regional Delegation Agreements

NERC shall, for all areas of North America that have provided NERC with the appropriate authority, negotiate regional delegation agreements for the purpose of ensuring all areas of the North American Bulk Power Systems are within a Regional Entity Region. In the event NERC is unable to reach agreement with Regional Entities for all areas, NERC shall provide alternative means and resources for implementing NERC functions within those areas. No delegation agreement shall take effect until it has been approved by the Applicable Governmental Authority.

1204. Conformance to Rules and Terms of Regional Delegation Agreements

NERC and each Regional Entity shall comply with all applicable ERO Rules of Procedure and the obligations stated in the regional delegation agreement.

1205. Sub-delegation

The Regional Entity shall not sub-delegate any responsibilities and authorities delegated to it by its regional delegation agreement with NERC except with the approval of NERC and FERC and other Applicable Governmental Authorities. Responsibilities and authorities may only be sub-delegated to another Regional Entity. Regional Entities may share resources with one another so long as such arrangements do not result in cross-subsidization or in any sub-delegation of authorities.

1206. Nonconformance to Rules or Terms of Regional Delegation Agreement

If a Regional Entity is unable to comply or is not in compliance with an ERO Rule of Procedure or the terms of the regional delegation agreement, the Regional Entity shall immediately notify NERC in writing, describing the area of nonconformance and the reason for not being able to conform to the Rule of Procedure. NERC shall evaluate each case and inform the affected Regional Entity of the results of the evaluation. If NERC determines that a Rule of Procedure or term of the regional delegation agreement has been violated by a Regional Entity or cannot practically be implemented by a Regional Entity, NERC shall notify the Applicable Governmental Authorities and take any actions necessary to address the situation.

1207. Regional Entity Audits

Approximately every five years and more frequently if necessary for cause, NERC shall audit each Regional Entity to verify that the Regional Entity continues to comply with NERC Rules of Procedure and the obligations of NERC delegation agreement. Audits of Regional Entities shall be conducted, to the extent practical, based on professional auditing standards recognized in the U.S., including Generally Accepted Auditing Standards, Generally Accepted Government Auditing Standards, and standards sanctioned by the Institute of Internal Auditors, and if applicable to the coverage of the audit, may be based on Canadian or other international standards. The audits required by this Section 1207 shall not duplicate the audits of Regional Entity Compliance Monitoring and Enforcement Programs provided for in **Appendix 4A**, Audit of Regional Compliance Programs, to these Rules of Procedure.

1208. Process for Considering Registered Entity Requests to Transfer to Another Regional Entity

1. A Registered Entity that is registered in the Region of one Regional Entity and believes its registration should be transferred to a different Regional Entity may submit a written request to both Regional Entities requesting that they process the proposed transfer in accordance with this section. The Registered Entity's written request shall set forth the reasons the Registered Entity believes justify the proposed transfer and shall describe any impacts of the proposed transfer on other Bulk Power System owners, operators, and users.
2. After receiving the Registered Entity's written request, the two Regional Entities shall consult with each other as to whether they agree or disagree that the requested transfer is appropriate. The Regional Entities may also consult with affected Reliability Coordinators, Balancing Authorities and Transmission Operators as appropriate. Each Regional Entity shall post the request on its website for public comment period of 21 days. In evaluating the proposed transfer, the Regional Entities shall consider the location of the Registered Entity's Bulk Power System facilities in relation to the geographic and electrical boundaries of the respective Regions; the impacts of the proposed transfer on other Bulk Power System owners, operators; and users, the impacts of the proposed transfer on the current and future staffing, resources, budgets and assessments to other Load-Serving Entities of each Regional Entity, including the sufficiency of the proposed transferee Regional Entity's staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity; the Registered Entity's compliance history with its current Regional Entity; and the manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity would be transitioned from the current Regional Entity to the transferee Regional Entity; along with any other reasons for the proposed transfer stated by the Registered Entity and any other reasons either Regional Entity considers relevant. The Regional Entities may

request that the Registered Entity provide additional data and information concerning the proposed transfer for the Regional Entities' use in their evaluation. The Registered Entity's current Regional Entity shall notify the Registered Entity in writing as to whether (i) the two Regional Entities agree that the requested transfer is appropriate, (ii) the two Regional Entities agree that the requested transfer is not appropriate and should not be processed further, or (iii) the two Regional Entities disagree as to whether the proposed transfer is appropriate.

3. If the two Regional Entities agree that the requested transfer is appropriate, they shall submit a joint written request to NERC requesting that the proposed transfer be approved and that the delegation agreement between NERC and each of the Regional Entities be amended accordingly. The Regional Entities' joint written submission to NERC shall describe the reasons for the proposed transfer; the location of the Registered Entity's Bulk Power System Facilities in relation to the geographic and electrical boundaries of the respective Regions; the impacts of the proposed transfer on other Bulk Power System owners, operators, and users; the impacts of the proposed transfer on the current and future staffing, resources, budgets and assessments of each Regional Entity, including the sufficiency of the proposed transferee Regional Entity's staffing and resources to perform compliance monitoring and enforcement activities with respect to the Registered Entity; the Registered Entity's compliance history with its current Regional Entity; and the manner in which pending compliance monitoring and enforcement matters concerning the Registered Entity will be transitioned from the current Regional Entity to the transferee Regional Entity. The NERC Board of Trustees shall consider the proposed transfer based on the submissions of the Regional Entities and any other information the Board considers relevant, and shall approve or disapprove the proposed transfer and the related delegation agreement amendments. The NERC Board may request that the Regional Entities provide additional information, or obtain additional information from the Registered Entity, for the use of the NERC Board in making its decision. If the NERC Board approves the proposed transfer, NERC shall file the related delegation agreements with FERC for approval.

4. If the two Regional Entities do not agree with each other that the proposed transfer is appropriate, the Regional Entity supporting the proposed transfer shall, if requested by the Registered Entity, submit a written request to NERC to approve the transfer and the related delegation agreement amendments. The Regional Entity's written request shall include the information specified in Section 1208.3. The Regional Entity that does not believe the proposed transfer is appropriate will be allowed to submit a written statement to NERC explaining why the Regional Entity believes the transfer is not appropriate and should not be approved. The NERC Board of Trustees shall consider the proposed transfer based on the submissions of the Regional Entities and any other information the Board considers relevant, and shall approve or disapprove the proposed transfer and the related delegation agreement amendments. The NERC Board may request that the Regional Entities provide additional information, or obtain additional

information from the Registered Entity, for the use of the NERC Board in making its decision. If the NERC Board approves the proposed transfer, NERC shall file the related delegation agreements with FERC for approval.

5. Prior to action by the NERC Board of Trustees on a proposed transfer of registration under Section 1208.3 or 1208.4, NERC shall post information concerning the proposed transfer, including the submissions from the Regional Entities, on its website for at least twenty-one (21) days for the purpose of receiving public comment.
6. If the NERC Board of Trustees disapproves a proposed transfer presented to it pursuant to either Section 1208.3 or 1208.4, the Regional Entity or Regional Entities that believe the transfer is appropriate may, if requested to do so by the Registered Entity, file a petition with FERC pursuant to 18 C.F.R. section 39.8(f) and (g) requesting that FERC order amendments to the delegation agreements of the two Regional Entities to effectuate the proposed transfer.
7. No transfer of a Registered Entity from one Regional Entity to another Regional Entity shall be effective (i) unless approved by FERC, and (ii) any earlier than the first day of January of the second calendar year following approval by FERC, unless an earlier effective date is agreed to by both Regional Entities and NERC and approved by FERC.

SECTION 1300 — COMMITTEES

1301. Establishing Standing Committees

The Board may from time to time create standing committees. In doing so, the Board shall approve the charter of each committee and assign specific authority to each committee necessary to conduct business within that charter. Each standing committee shall work within its Board-approved charter and shall be accountable to the Board for performance of its Board-assigned responsibilities. A NERC standing committee may not delegate its assigned work to a member forum, but, in its deliberations, may request the opinions of and consider the recommendations of a member forum.

1302. Committee Membership

Each committee shall have a defined membership composition that is explained in its charter. Committee membership may be unique to each committee, and can provide for balanced decision-making by providing for representatives from each Sector or, where Sector representation will not bring together the necessary diversity of opinions, technical knowledge and experience in a particular subject area, by bringing together a wide diversity of opinions from industry experts with outstanding technical knowledge and experience in a particular subject area. Committee membership shall also provide the opportunity for an equitable number of members from the United States and Canada, based approximately on proportionate Net Energy for Load. All committees and other subgroups (except for those organized on other than a Sector basis because Sector representation will not bring together the necessary diversity of opinions, technical knowledge and experience in a particular subject area) must ensure that no two stakeholder Sectors are able to control the vote on any matter, and no single Sector is able to defeat a matter. With regard to committees and subgroups pertaining to development of, interpretation of, or compliance with Reliability Standards, NERC shall provide a reasonable opportunity for membership from Sectors desiring to participate. Committees and subgroups organized on other than a Sector basis shall be reported to the NERC Board and the Member Representatives Committee, along with the reasons for constituting the committee or subgroup in the manner chosen. In such cases and subject to reasonable restrictions necessary to accomplish the mission of such committee or subgroup, NERC shall provide a reasonable opportunity for additional participation, as members or official observers, for Sectors not represented on the committee or subgroup.

1303. Procedures for Appointing Committee Members

Committee members shall be nominated and selected in a manner that is open, inclusive, and fair. Unless otherwise stated in these Rules of Procedure or approved by the Board, all committee member appointments shall be approved by the board, and committee officers shall be appointed by the Chairman of the Board.

1304. Procedures for Conduct of Committee Business

1. Notice to the public of the dates, places, and times of meetings of all committees, and all nonconfidential material provided to committee members, shall be posted

on NERC's website at approximately the same time that notice is given to committee members. Meetings of all standing committees shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; provided that the meeting may be held in or adjourn to closed session to discuss matters of a confidential nature, including but not limited to personnel matters, compliance enforcement matters, litigation, or commercially sensitive or Critical Energy Infrastructure Information of any entity.

2. NERC shall maintain a set of procedures, approved by the Board, to guide the conduct of business by standing committees.

1305. Committee Subgroups

Standing committees may appoint subgroups using the same principles as in Section 1302.

SECTION 1400 — AMENDMENTS TO THE NERC RULES OF PROCEDURE

1401. Proposals for Amendment or Repeal of Rules of Procedure

In accordance with the Bylaws of NERC, requests to amend or repeal the Rules of Procedure may be submitted by (1) any fifty Members of NERC, which number shall include Members from at least three membership Sectors, (2) the Member Representatives Committee, (3) a committee of NERC to whose function and purpose the Rule of Procedure pertains, or (4) an officer of NERC.

1402. Approval of Amendment or Repeal of Rules of Procedure

Amendment to or repeal of Rules of Procedure shall be approved by the Board after public notice and opportunity for comment in accordance with the Bylaws of NERC. In approving changes to the Rules of Procedure, the Board shall consider the inputs of the Member Representatives Committee, other ERO committees affected by the particular changes to the Rules of Procedure, and other stakeholders as appropriate. After Board approval, the amendment or repeal shall be submitted to the Applicable Governmental Authorities for approval, where authorized by legislation or agreement. No amendment to or repeal of the Rules of Procedure shall be effective until it has been approved by the Applicable Governmental Authorities.

SECTION 1500 — CONFIDENTIAL INFORMATION

1501. Definitions

1. **Confidential Information** means (i) Confidential Business and Market Information; (ii) Critical Energy Infrastructure Information; (iii) personnel information that identifies or could be used to identify a specific individual, or reveals personnel, financial, medical, or other personal information; (iv) work papers, including any records produced for or created in the course of an evaluation or audit; (v) investigative files, including any records produced for or created in the course of an investigation; or (vi) Cyber Security Incident Information; provided, that public information developed or acquired by an entity shall be excluded from this definition.
2. **Confidential Business and Market Information** means any information that pertains to the interests of any entity, that was developed or acquired by that entity, and that is proprietary or competitively sensitive.
3. **Critical Energy Infrastructure Information** means specific engineering, vulnerability, or detailed design information about proposed or existing Critical Infrastructure that (i) relates details about the production, generation, transportation, transmission, or distribution of energy; (ii) could be useful to a person in planning an attack on Critical Infrastructure; and (iii) does not simply give the location of the Critical Infrastructure.
4. **Critical Infrastructure** means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.
5. **Cyber Security Incident Information** means any information related to, describing, or which could be used to plan or cause a Cyber Security Incident.

1502. Protection of Confidential Information

1. **Identification of Confidential Information** — An owner, operator, or user of the Bulk Power System and any other party (the “Submitting Entity”) shall mark as confidential any information that it submits to NERC or a Regional Entity (the “Receiving Entity”) that it reasonably believes contains Confidential Information as defined by these Rules of Procedure, indicating the category or categories defined in Section 1501 in which the information falls. If the information is subject to a prohibition on public disclosure in the Commission-approved rules of a regional transmission organization or independent system operator or a similar prohibition in applicable federal, state, or provincial laws, the Submitting Entity shall so indicate and provide supporting references and details.
2. **Confidentiality** — Except as provided herein, a Receiving Entity shall keep in confidence and not copy, disclose, or distribute any Confidential Information or

any part thereof without the permission of the Submitting Entity, except as otherwise legally required.

3. **Information no longer Confidential** – If a Submitting Entity concludes that information for which it had sought confidential treatment no longer qualifies for that treatment, the Submitting Entity shall promptly so notify NERC or the relevant Regional Entity.

1503. Requests for Information

1. **Limitation** — A Receiving Entity shall make information available only to one with a demonstrated need for access to the information from the Receiving Entity.
2. **Form of Request** — A person with such a need may request access to information by using the following procedure:
 - 2.1 The request must be in writing and clearly marked “Request for Information.”
 - 2.2 The request must identify the individual or entity that will use the information, explain the requester’s need for access to the information, explain how the requester will use the information in furtherance of that need, and state whether the information is publicly available or available from another source or through another means. If the requester seeks access to information that is subject to a prohibition on public disclosure in the Commission-approved rules of a regional transmission organization or independent system operator or a similar prohibition in applicable federal, state, or provincial laws, the requester shall describe how it qualifies to receive such information.
 - 2.3 The request must stipulate that, if the requester does not seek public disclosure, the requester will maintain as confidential any information received for which a Submitting Party has made a claim of confidentiality in accordance with NERC’s rules. As a condition to gaining access to such information, a requester shall execute a non-disclosure agreement in a form approved by NERC’s Board of Trustees.
3. **Notice and Opportunity for Comment** — Prior to any decision to disclose information marked as confidential, the Receiving Entity shall provide written notice to the Submitting Entity and an opportunity for the Submitting Entity to either waive objection to disclosure or provide comments as to why the Confidential Information should not be disclosed. Failure to provide such comments or otherwise respond is not deemed waiver of the claim of confidentiality.
4. **Determination by ERO or Regional Entity** — Based on the information provided by the requester under Rule 1503.2, any comments provided by the Submitting Entity, and any other relevant available information, the chief

executive officer or his or her designee of the Receiving Entity shall determine whether to disclose such information.

5. **Appeal** — A person whose request for information is denied in whole or part may appeal that determination to the President of NERC (or the President’s designee) within 30 days of the determination. Appeals filed pursuant to this Section must be in writing, addressed to the President of NERC (or the President’s designee), and clearly marked “Appeal of Information Request Denial.”

NERC will provide written notice of such appeal to the Submitting Entity and an opportunity for the Submitting Entity to either waive objection to disclosure or provide comments as to why the Confidential Information should not be disclosed; provided that any such comments must be received within 30 days of the notice and any failure to provide such comments or otherwise respond is not deemed a waiver of the claim of confidentiality.

The President of NERC (or the President’s designee) will make a determination with respect to any appeal within 30 days. In unusual circumstances, this time limit may be extended by the President of NERC (or the President’s designee), who will send written notice to the requester setting forth the reasons for the extension and the date on which a determination on the appeal is expected.

6. **Disclosure of Information** — In the event the Receiving Entity, after following the procedures herein, determines to disclose information designated as Confidential Information, it shall provide the Submitting Entity no fewer than 21 days’ written notice prior to releasing the Confidential Information in order to enable such Submitting Entity to (a) seek an appropriate protective order or other remedy, (b) consult with the Receiving Entity with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. Should a Receiving Entity be required to disclose Confidential Information, or should the Submitting Entity waive objection to disclosure, the Receiving Entity shall furnish only that portion of the Confidential Information which the Receiving Entity’s counsel advises is legally required.
7. **Posting of Determinations on Requests for Disclosure of Confidential Information** — Upon making its determination on a request for disclosure of Confidential Information, NERC or the Regional Entity, as applicable, shall (i) notify the requester that the request for disclosure is granted or denied, (ii) publicly post any determination to deny the request to disclose Confidential Information, including in such posting an explanation of the reasons for the denial (but without in such explanation disclosing the Confidential Information), and (iii) publicly post any determination that information claimed by the Submitting Entity to be Confidential Information is not Confidential Information (but without in such posting disclosing any information that has been determined to be Confidential Information).

1504. Employees, Contractors and Agents

A Receiving Entity shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein.

1505. Provision of Information to FERC and Other Governmental Authorities

1. **Request** — A request from FERC for reliability information with respect to owners, operators, and users of the Bulk Power System within the United States is authorized by Section 215 of the Federal Power Act. Other Applicable Governmental Authorities may have similar authorizing legislation that grants a right of access to such information. Unless otherwise directed by FERC or its staff or the other Applicable Governmental Authority requesting the information, upon receiving such a request, a Receiving Entity shall provide contemporaneous notice to the applicable Submitting Entity. In its response to such a request, a Receiving Entity shall preserve any mark of confidentiality and shall notify FERC or other Applicable Governmental Authorities that the Submitting Entity has marked the information as confidential.
2. **Continued Confidentiality** — Each Receiving Entity shall continue to treat as confidential all Confidential Information that it has submitted to NERC or to FERC or another Applicable Governmental Authority, until such time as FERC or the other Applicable Governmental Authority authorizes disclosure of such information.

1506. Permitted Disclosures

1. **Confirmed Violations** — Nothing in this Section 1500 shall prohibit the disclosure of a violation at the point when the matter is filed with an Applicable Governmental Authority as a Notice of Penalty, the “violator” admits to the violation, or the alleged violator and NERC or the Regional Entity reach a settlement regarding the violation.
2. **Compliance Information** — NERC and the Regional Entities are authorized to exchange Confidential Information related to evaluations, Compliance Audits, and Compliance Investigations in furtherance of the Compliance Monitoring and Enforcement Program, on condition they continue to maintain the confidentiality of such information.

1507. Remedies for Improper Disclosure

Any person engaged in NERC or Regional Entity activity under Section 215 of the Federal Power Act or the equivalent laws of other Applicable Governmental Authorities who improperly discloses information determined to be confidential may lose access to Confidential Information on a temporary or permanent basis and may be subject to adverse personnel action, including suspension or termination. Nothing in Section 1500

precludes an entity whose information was improperly disclosed from seeking a remedy in an appropriate court.

SECTION 1600 — REQUESTS FOR DATA OR INFORMATION

1601. Scope of a NERC or Regional Entity Request for Data or Information

Within the United States, NERC and Regional Entities may request data or information that is necessary to meet their obligations under Section 215 of the Federal Power Act, as authorized by Section 39.2(d) of the Commission’s regulations, 18 C.F.R. § 39.2(d). In other jurisdictions NERC and Regional Entities may request comparable data or information, using such authority as may exist pursuant to these Rules of Procedure and as may be granted by Applicable Governmental Authorities in those other jurisdictions. The provisions of Section 1600 shall not apply to Requirements contained in any Reliability Standard to provide data or information; the Requirements in the Reliability Standards govern. The provisions of Section 1600 shall also not apply to data or information requested in connection with a compliance or enforcement action under Section 215 of the Federal Power Act, Section 400 of these Rules of Procedure, or any procedures adopted pursuant to those authorities, in which case the Rules of Procedure applicable to the production of data or information for compliance and enforcement actions shall apply.

1602. Procedure for Authorizing a NERC Request for Data or Information

1. NERC shall provide a proposed request for data or information or a proposed modification to a previously-authorized request, including the information specified in Section 1602.2.1 or 1602.2.2 as applicable, to the Commission’s Office of Electric Reliability at least twenty-one (21) days prior to initially posting the request or modification for public comment. Submission of the proposed request or modification to the Office of Electric Reliability is for the information of the Commission. NERC is not required to receive any approval from the Commission prior to posting the proposed request or modification for public comment in accordance with Section 1602.2 or issuing the request or modification to Reporting Entities following approval by the Board of Trustees.
2. NERC shall post a proposed request for data or information or a proposed modification to a previously authorized request for data or information for a forty-five (45) day public comment period.
 - 2.1. A proposed request for data or information shall contain, at a minimum, the following information: (i) a description of the data or information to be requested, how the data or information will be used, and how the availability of the data or information is necessary for NERC to meet its obligations under applicable laws and agreements; (ii) a description of how the data or information will be collected and validated; (iii) a description of the entities (by functional class and jurisdiction) that will be required to provide the data or information (“Reporting Entities”); (iv) the schedule or due date for the data or information; (v) a description of any restrictions on disseminating the data or information (e.g., “Confidential Information,” “Critical Energy Infrastructure Information,”

“aggregating” or “identity masking”); and (vi) an estimate of the relative burden imposed on the Reporting Entities to accommodate the data or information request.

- 2.2. A proposed modification to a previously authorized request for data or information shall explain (i) the nature of the modifications; (ii) an estimate of the burden imposed on the Reporting Entities to accommodate the modified data or information request, and (iii) any other items from Section 1602.2.1 that require updating as a result of the modifications.
3. After the close of the comment period, NERC shall make such revisions to the proposed request for data or information as are appropriate in light of the comments. NERC shall submit the proposed request for data or information, as revised, along with the comments received, NERC’s evaluation of the comments and recommendations, to the Board of Trustees.
4. In acting on the proposed request for data or information, the Board of Trustees may authorize NERC to issue it, modify it, or remand it for further consideration.
5. NERC may make minor changes to an authorized request for data or information without Board approval. However, if a Reporting Entity objects to NERC in writing to such changes within 21 days of issuance of the modified request, such changes shall require Board approval before they are implemented.
6. Authorization of a request for data or information shall be final unless, within thirty (30) days of the decision by the Board of Trustees, an affected party appeals the authorization under this Section 1600 to the Applicable Governmental Authority.

1603. Owners, Operators, and Users to Comply

Owners, operators, and users of the Bulk Power System registered on the NERC Compliance Registry shall comply with authorized requests for data and information. In the event a Reporting Entity within the United States fails to comply with an authorized request for data or information under Section 1600, NERC may request the Commission to exercise its enforcement authority to require the Reporting Entity to comply with the request for data or information and for other appropriate enforcement action by the Commission. NERC will make any request for the Commission to enforce a request for data or information through a non-public submission to the Commission’s enforcement staff.

1604. Requests by Regional Entity for Data or Information

1. A Regional Entity may request that NERC seek authorization for a request for data or information to be applicable within the Region of the Regional Entity, either as a freestanding request or as part of a proposed NERC request for data or information. Any such request must be consistent with this Section 1600.

2. A Regional Entity may also develop its own procedures for requesting data or information, but any such procedures must include at least the same procedural elements as are included in this Section 1600. Any such Regional Entity procedures or changes to such procedures shall be submitted to NERC for approval. Upon approving such procedures or changes thereto, NERC shall file the proposed procedures or proposed changes for approval by the Commission and any other Applicable Governmental Authorities applicable to the Regional Entity. The Regional Entity procedures or changes to such procedures shall not be effective in a jurisdiction until approved by, and in accordance with any revisions directed by, the Commission or other Applicable Governmental Authority.

1605. Confidentiality

If the approved data or information request includes a statement under Section 1602.1.1(v) that the requested data or information will be held confidential or treated as Critical Energy Infrastructure Information, then the applicable provisions of Section 1500 will apply without further action by a Submitting Entity. A Submitting Entity may designate any other data or information as Confidential Information pursuant to the provisions of Section 1500, and NERC or the Regional Entity shall treat that data or information in accordance with Section 1500. NERC or a Regional Entity may utilize additional protective procedures for handling particular requests for data or information as may be necessary under the circumstances.

1606. Expedited Procedures for Requesting Time-Sensitive Data or Information

1. In the event NERC or a Regional Entity must obtain data or information by a date or within a time period that does not permit adherence to the time periods specified in Section 1602, the procedures specified in Section 1606 may be used to obtain the data or information. Without limiting the circumstances in which the procedures in Section 1606 may be used, such circumstances include situations in which it is necessary to obtain the data or information (in order to evaluate a threat to the reliability or security of the Bulk Power System, or to comply with a directive in an order issued by the Commission or by another Applicable Governmental Authority) within a shorter time period than possible under Section 1602. The procedures specified in Section 1606 may only be used if authorized by the NERC Board of Trustees prior to activation of such procedures.
2. Prior to posting a proposed request for data or information, or a modification to a previously-authorized request, for public comment under Section 1606, NERC shall provide the proposed request or modification, including the information specified in paragraph 1602.2.1 or 1602.2.2 as applicable, to the Commission's Office of Electric Reliability. The submission to the Commission's Office of Electric Reliability shall also include an explanation of why it is necessary to use the expedited procedures of Section 1606 to obtain the data or information. The submission shall be made to the Commission's Office of Electric Reliability as far in advance, up to twenty-one (21) days, of the posting of the proposed request or modification for public comments as is

- reasonably possible under the circumstances, but in no event less than two (2) days in advance of the public posting of the proposed request or modification.
3. NERC shall post the proposed request for data or information or proposed modification to a previously-authorized request for data or information for a public comment period that is reasonable in duration given the circumstances, but in no event shorter than five (5) days. The proposed request for data or information or proposed modification to a previously-authorized request for data or information shall include the information specified in Section 1602.2.1 or 1602.2.2, as applicable, and shall also include an explanation of why it is necessary to use the expedited procedures of Section 1606 to obtain the data or information.
 4. The provisions of Sections 1602.3, 1602.4, 1602.5 and 1602.6 shall be applicable to a request for data or information or modification to a previously-authorized request for data or information developed and issued pursuant to Section 1606, except that (a) if NERC makes minor changes to an authorized request for data or information without Board approval, such changes shall require Board approval if a Reporting Entity objects to NERC in writing to such changes within five (5) days of issuance of the modified request; and (b) authorization of the request for data or information shall be final unless an affected party appeals the authorization of the request by the Board of Trustees to the Applicable Governmental Authority within five (5) days following the decision of the Board of Trustees authorizing the request, which decision shall be promptly posted on NERC's website.

SECTION 1700 — CHALLENGES TO DETERMINATIONS

1701. Scope of Authority

Section 1702 sets forth the procedures to be followed for Registered Entities to challenge determinations made by Planning Coordinators under Reliability Standard PRC-023. Section 1703 sets forth the procedures to be followed when a Submitting Entity or Owner wishes to challenge a determination by NERC to approve or to disapprove an Exception Request or to terminate an Exception under Section 509.

1702. Challenges to Determinations by Planning Coordinators Under Reliability Standard PRC-023

1. This Section 1702 establishes the procedures to be followed when a Registered Entity wishes to challenge a determination by a Planning Coordinator of the sub-200 kV circuits in its Planning Coordinator area for which Transmission Owners, Generator Owners, and Distribution Providers (defined as “Registered Entities” for purposes of this Section 1702) must comply with the requirements of Reliability Standard PRC-023.
2. Planning Coordinator Procedures
 - 2.1 Each Planning Coordinator shall establish a procedure for a Registered Entity to submit a written request for an explanation of a determination made by the Planning Coordinator under PRC-023.
 - 2.2 A Registered Entity shall follow the procedure established by the Planning Coordinator for submitting the request for explanation and must submit any such request within 60 days of receiving the determination under PRC-023 from the Planning Coordinator.
 - 2.3 Within 30 days of receiving a written request from a Registered Entity, the Planning Coordinator shall provide the Registered Entity with a written explanation of the basis for its determination under PRC-023, unless the Planning Coordinator provided a written explanation of the basis for its determination when it initially informed the Registered Entity of its determination.
3. A Registered Entity may challenge the determination of the Planning Coordinator by filing with the appropriate Regional Entity, with a copy to the Planning Coordinator, within 60 days of receiving the written explanation from the Planning Coordinator. The challenge shall include the following: (a) an explanation of the technical reasons for its disagreement with the Planning Coordinator’s determination, along with any supporting documentation, and (b) a copy of the Planning Coordinator’s written explanation. Within 30 days of receipt of a challenge, the Planning Coordinator may file a response to the Regional Entity, with a copy to the Registered Entity.

4. The filing of a challenge in good faith shall toll the time period for compliance with PRC-023 with respect to the subject facility until such time as the challenge is withdrawn, settled or resolved.
5. The Regional Entity shall issue its written decision setting forth the basis of its determination within 90 days after it receives the challenge and send copies of the decision to the Registered Entity and the Planning Coordinator. The Regional Entity may convene a meeting of the involved entities and may request additional information. The Regional Entity shall affirm the determination of the Planning Coordinator if it is supported by substantial evidence.
6. A Planning Coordinator or Registered Entity affected by the decision of the Regional Entity may, within 30 days of the decision, file an appeal with NERC, with copies to the Regional Entity and the Planning Coordinator or Registered Entity. The appeal shall state the basis of the objection to the decision of the Regional Entity and shall include the Regional Entity decision, the written explanation of the Planning Coordinator's determination under PRC-023, and the documents and reasoning filed by the Registered Entity with the Regional Entity in support of its objection. The Regional Entity, Planning Coordinator or Registered Entity may file a response to the appeal within 30 days of the appeal.
7. The Board of Trustees shall appoint a panel to decide appeals from Regional Entity decisions under Section 1702.5. The panel, which may contain alternates, shall consist of at least three appointees, one of whom must be a member of the NERC staff, who are knowledgeable about PRC-023 and transmission planning and do not have a direct financial or business interest in the outcome of the appeal. The panel shall decide the appeal within 90 days of receiving the appeal from the decision of the Regional Entity and shall affirm the determination of the Planning Coordinator if it is supported by substantial evidence.
8. The Planning Coordinator or Registered Entity affected by the decision of the panel may request that the Board of Trustees review the decision by filing its request for review and a statement of reasons with NERC's Chief Reliability Officer within 30 days of the panel decision. The Board of Trustees may, in its discretion, decline to review the decision of the panel, in which case the decision of the panel shall be the final NERC decision. Within 90 days of the request for review under this Section 1702.8, the Board of Trustees may either (a) issue a decision on the merits, which shall be the final NERC decision, or (b) issue a notice declining to review the decision of the panel, in which case the decision of the panel shall be the final NERC decision. If no written decision or notice declining review is issued within 90 calendar days, the appeal shall be deemed to have been denied by the Board of Trustees and this will have the same effect as a notice declining review.
9. The Registered Entity or Planning Coordinator may appeal the final NERC decision to the Applicable Governmental Authority within 30 days of receipt of

the Board of Trustees' final decision or notice declining review, or expiration of the 90-day review period without any action by NERC.

10. The Planning Coordinator and Registered Entity are encouraged, but not required, to meet to resolve any dispute, including use of mutually agreed to alternative dispute resolution procedures, at any time during the course of the matter. In the event resolution occurs after the filing of a challenge, the Registered Entity and Planning Coordinator shall jointly provide to the applicable Regional Entity a written acknowledgement of withdrawal of the challenge or appeal, including a statement that all outstanding issues have been resolved.

1703. Challenges to NERC Determinations of BES Exception Requests Under Section 509

1. This Section 1703 establishes the procedures to be followed when a Submitting Entity or Owner wishes to challenge a determination by NERC to approve or to disapprove an Exception Request or to terminate an Exception under Section 509.
2. A Submitting Entity (or Owner if different) aggrieved by the decision of NERC to approve or disapprove an Exception Request or to terminate an Exception with respect to any Element may, within 30 days following the date of the decision, file a written challenge to the decision with the NERC director of compliance operations, with copies to the Regional Entity and the Submitting Entity or Owner if different. The challenge shall state the basis of the objection to the decision of NERC. The Regional Entity, and the Submitting Entity or Owner if different, may file a response to the challenge within 30 days following the date the challenge is filed with NERC.
3. The challenge shall be decided by the Board of Trustees Compliance Committee. Within 90 days of the date of submission of the challenge, the Board of Trustees Compliance Committee shall issue its decision on the challenge. The decision of the Board of Trustees Compliance Committee shall be the final NERC decision; provided, that the Board of Trustees Compliance Committee may extend the deadline date for its decision to a date more than 90 days following submission of the challenge, by issuing a notice to the Submitting Entity, the Owner (if different) and the Regional Entity stating the revised deadline date and the reason for the extension.
4. The Submitting Entity, or Owner if different, may appeal the final NERC decision to, or seek review of the final NERC decision by, the Applicable Governmental Authority(ies), in accordance with the legal authority and rules and procedures of the Applicable Governmental Authority(ies). Any such appeal shall be filed within thirty (30) days following the date of the decision of the Board of Trustees Compliance Committee, or within such other time period as is provided for in the legal authority, rules or procedures of the Applicable Governmental Authority.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Appendix 5A

Organization Registration and Certification Manual

Effective Date: ~~March 19, 2015~~ DATE

RELIABILITY | ACCOUNTABILITY



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Section I — Executive Summary

Overview

The purpose of this document is twofold: (1) to define the process utilized in the Organization Registration Program for identifying which functional entities must register as owners, operators, and users of the Bulk Power System (BPS) for compliance with Reliability Standards; and (2) to define the process utilized in the Organization Certification Program for certifying the following entities: Reliability Coordinator (RC), Balancing Authority (BA), and Transmission Operator (TOP). The North American Electric Reliability Corporation (NERC) Compliance and Certification Committee (CCC) is responsible for approving and forwarding these processes to the NERC Board of Trustees (Board) for its approval. Where a proposal for revisions to these processes comes to the Board from sources other than the CCC, the Board will seek the concurrence of the CCC before taking action on the proposal.

To Whom Does This Document Apply?

All industry participants responsible for or intending to be responsible for, the following functions must register with NERC through the Organization Registration process. The entities are defined in the NERC *Statement of Compliance Registry Criteria*, set forth in **Appendix 5B** to the NERC Rules of Procedure (ROP), with responsibilities designated by the individual Reliability Standards or by a sub-set list of the otherwise applicable Reliability Standards. Such sub-set list will specify the Reliability Standards and may specify Requirements/sub-Requirements by NERC, in which case the entity will be responsible for compliance with only such sub-set list, in accordance with **Appendix 5B** to the NERC ROP.

	Entities that Must Register	Entities that Need to be Certified
Reliability Coordinator (RC)	√	√
Transmission Operator (TOP)	√	√
Balancing Authority (BA)	√	√
Planning Authority (PA)	√	
Transmission Planner (TP)	√	
Transmission Service Provider (TSP)	√	
Transmission Owner (TO)	√	
Resource Planner (RP)	√	
Distribution Provider (DP)	√	
Generator Owner (GO)	√	
Generator Operator (GOP)	√	
Load-Serving Entity (LSE)	√	
Reserve Sharing Group (RSG)	√	

When did These Processes Begin?

The initial Registration process began in January of 2006. Registration of new entities is an ongoing process. If a Registered Entity's information changes, these changes must be submitted to the applicable Regional Entity(s).

Certification is ongoing for new entities in accordance with Section IV of this manual.

Where to Access and Submit Form(s)?

Registration and Certification forms are provided on each Regional Entity's website. Completed forms are to be sent electronically to the Compliance and Certification Manager of the applicable Regional Entity(s). It is desirable

that entities operate within a single Regional Entity Region; however, if an entity operates in more than one Region, separate Registration applications must be completed and submitted to each of the Regional Entities.

Service

Unless otherwise provided, service may be made by personal delivery, email, deposit in the United States mail properly addressed with first class postage prepaid, registered mail properly addressed with postage prepaid or deposit with a private express courier service properly addressed with charges prepaid or payment arrangements made.

Roles and Responsibilities

The following is a high-level overview of the roles and responsibilities in the Registration and Certification processes:

NERC

1. Oversight of entity processes performed by the Regional Entities, including:
 - a. Governance per the Regional Entity's delegation agreement with NERC.
 - b. Coordination of process execution when an entity is registering and/or certifying with multiple Regional Entities.
2. Manage each entity's NERC Compliance Registry identification number (NERC ID) including:
 - a. Sending a Registration or Certification letter that contains the NERC ID to the applicable Regional Entity(ies) for review and approval. If the Regional Entity(ies) agrees with all the information provided, it will notify NERC to issue the NERC ID to the Registered Entity and will send a copy of the notification being provided to the Regional Entity(ies).
 - b. Ensuring each Registered Entity has only one NERC ID for all Regional Entities in which registered.
3. Make modeling changes based on Registration information.
4. Maintain accurate Registration and Certification records including granting Certification certificates for the Registered Entity(ies) responsible for compliance (including Joint Registration Organization (JRO)/Coordinated Functional Registration (CFR)).
5. Maintain published up-to-date list of Registered Entities (i.e. the NERC Compliance Registry (NCR)) on the NERC website. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.
6. Lead panel reviews in accordance with **Appendix 5A**, *Organization Registration and Organization Certification Manual*, Section III.D and **Appendix 5B**, *Statement of Compliance Registry Criteria*.

Regional Entity

1. Performs data collection and Mapping of BPS Facilities and those Facilities that have a material impact on the BPS within its Regional Entity defined reliability Region boundaries.
2. Approves or disapproves entity Registration applications.
3. Reviews entity Certification applications for completeness.
4. Notifies NERC of entities registered with the Regional Entity.
5. Approves or denies Certification Team (CT) recommendations and notifies the entity and NERC of the decision.

6. Provides leadership to the CT throughout the Certification process.

Entity Submitting the Application

1. Completes and submits Registration and/or Certification application.
2. Submits updates to Registration and/or Certification information as necessary and/or requested.
3. Responds to Regional Entity and/or NERC questions pertaining to Registration and/or Certification.
4. Provides documentation or other evidence requested or required to verify compliance with Certification requirements.

Section II — Introduction to Organization Registration and Organization Certification Processes

The processes utilized to implement the Organization Registration and Organization Certification Programs are administered by each Regional Entity. Pursuant to its delegation agreement with NERC, each Regional Entity is responsible for registering and certifying industry participants within its Regional Entity reliability Region boundaries. Each Regional Entity must use the following NERC processes.

Organization Registration — Entities Required to Register

All industry participants responsible for one or more of the functions below must register for each function through the Organization Registration Program. These entities are defined in the NERC *Statement of Compliance Registry Criteria*.

- RC
- TOP
- BA
- PA
- TP
- TSP
- TO
- RP
- DP
- GO
- GOP
- ~~LSE~~
- RSG

The Registration procedure is in Section III of this manual.

Organization Certification

All Registered Entities registered in the NCR for the RC, TOP, and/or BA functions shall be certified. Certification requires the Registered Entity to start operation within 12 months of being NERC certified. This Certification process is described in Section IV of this manual.

Section III — Organization Registration Process

Purpose and Scope

The purpose and scope of this process is to provide guidance on how a user, owner, and/or operator of the BPS should be registered in the NCR.

Overview

Section 39.2 of the Commission’s regulations, and Title 18 of the C.F.R. § 39.2, requires each owner, operator, and user of the BPS to be registered with NERC and to comply with approved Reliability Standards.

Owners, operators, and users of the BPS will be registered by function(s) and are:

1. Responsible for compliance with all applicable Requirements/sub-Requirements within Reliability Standards approved by Applicable Governmental Authorities, for the applicable functions for which the Registered Entity is registered, except to the extent that an entity is granted a sub-set list of applicable Reliability Standards, which specifies the Reliability Standards and may specify Requirements/sub-Requirements by NERC, in which case the entity will be responsible for compliance with only such sub-set list; and,
2. Subject to the compliance monitoring and enforcement requirements of Section 400 of the ROP.

See Figure 1A Organization Registration Process Overview.

A. Organization Registration Process

1. Applicable entities shall begin the Registration process by submitting a completed Registration application to the Regional Entity(ies) of the reliability Region(s) where the entity intends to perform its function(s) (Registration forms are provided on each Regional Entity’s website).
 - a. At any time, an entity may recommend in writing, with supporting documentation, to the Regional Entity(ies) that an entity be added to or removed from the Compliance Registry.
 - b. The Registration process for an entity may also be initiated by a Regional Entity, NERC, or Applicable Governmental Authority.
 - c. With respect to: (i) entities to be registered for the first time; (ii) currently-registered entities or (iii) previously-registered entities, for which registration status changes are sought, including availability and composition of a sub-set list of applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements), the registration process steps in Section III of **Appendix 5A** apply.
 - d. At any time, an entity whose registration is at issue may request expedited treatment and waiver of applicable timelines. NERC, in its sole discretion, shall determine if such a request will be granted and alternative timelines. NERC’s decision is not a final decision that is subject to appeal.
2. NERC shall coordinate Registration of entities that are required to register with multiple Regional Entities in order to ensure consistency of the Registration process.
3. For entities that are required to be certified, the applicable Regional Entity(ies) shall ensure that the Registration information provided is accurate for updating the NCR per items 4 through 12 below and notifies the entity to initiate the Certification process per Section IV of this manual.
4. Entities that have a NERC ID shall use it on the form.

- a. If an entity does not have a NERC ID, NERC shall assign one.
- b. An entity responsible for more than one function will use a single NERC ID.
5. Regional Entities shall evaluate the submitted information and determine if the information is complete/correct. If the information is not complete/correct, the entity will be notified to complete/correct or clarify the Registration information.
6. A single entity must register for all functions that it performs itself. In addition, that entity may register as a JRO on behalf of one or more of its members or related entities for one or more functions for which such members or related entities would otherwise be required to register and, thereby, accept on behalf of such members or related entities all compliance responsibility for all Requirements/sub-Requirements of Reliability Standards applicable to that function or those functions including reporting requirements.(ROP Section 507)
7. Multiple entities may each register using a CFR for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function.(ROP Section 508)
8. In completing the Regional Entity responsibilities for the Registration process, the following are key items the Regional Entity must verify:
 - a. That Regional Entity registrations meet the geographical and electrical Registration boundaries requirements of the ROP Section 501(1.4).
 - b. The Registration submission includes all data requested by NERC that is necessary for accurately identifying and contacting the Registered Entity.
9. The Regional Entity shall forward all Registration information to NERC for inclusion of an entity on the NCR:
 - a. If the Registration determination involves (i) the materiality test set forth in the notes in **Appendix 5B, Statement of Compliance Registry Criteria**; (ii) a sub-set list of Reliability Standards (which specifies Requirements and may specify sub-Requirements);¹ or (iii) a dispute by an entity whose registration status is at issue regarding the Regional Entity's application of **Appendix 5B, Statement of Compliance Registry Criteria**, a NERC-led review panel will be convened in accordance with **Appendix 5A, Organization Registration and Organization Certification Manual, Section III.D**.
 - b. Within five business Days of a Registration determination by NERC or the NERC-led review panel, as applicable, NERC will forward the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - c. The Regional Entity has five business Days to respond to the proposed changes.
 - d. If NERC does not receive any comments, the NCR will be revised. If NERC does receive comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
10. NERC updates the NCR and notifies the applicable Registered Entity(ies) within five business Days of the update.

¹ If NERC has established clearly defined criteria for eligibility for a sub-set list of applicable Reliability Standards and has identified the sub-set list that may apply to similarly situated entities, such criteria shall govern the applicability of such sub-set list and such a matter shall not proceed to the NERC-led review panel, unless there is a dispute by the entity whose sub-set list treatment is at issue. (See, e.g., UFLS-Only DPs.)

11. The Registered Entity may appeal the final registration determination by NERC in accordance with the ROP Section 500 and Section V of **Appendix 5A**.
12. The NCR shall be dynamic and will be revised as necessary to take account of changing circumstances such as corrections, revisions, and or deletions. Per the Regional Entity’s delegation agreement, the Regional Entity will take any recommendation received under Section 1.a, and other applicable information, under advisement as it determines whether an entity should be on the NCR.
 - a. Each Registered Entity identified in the NCR shall notify its corresponding Regional Entity and/or NERC of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the Registered Entity’s responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards. (ROP Section 400).
 - b. Each Regional Entity has an independent obligation, even in the absence of a notification by a Registered Entity, to review and submit updates to the NCR to NERC, consistent with the procedures in this Section III, with appropriate notification to the affected entities, to the extent the Regional Entity is aware of, or possesses information that the NCR should be updated. These updates include, but are not limited to, conditions on which the sub-set list are no longer applicable, or where a new and emerging risk to reliability is identified that changes the basis upon which the entity was deactivated, deregistered, or upon which a sub-set list of requirements was made applicable, in addition to deactivation² of entities that no longer meet the applicable registration thresholds. This does not excuse the Registered Entity from its obligation to provide such required notifications.
13. Entities registered or subject to registration as a DP that qualify as Underfrequency Load Shedding (UFLS)-Only DPs shall submit Registration information to the Regional Entity. The UFLS-Only DP shall be subject only to the sub-set list of Reliability Standards identified in **Appendix 5B**. Within 50 Days of the entity’s submission of the Registration information to the Regional Entity, the Regional Entity shall issue a decision as to whether UFLS-Only DP treatment is appropriate. If the Regional Entity concludes that it is, then the Regional Entity shall forward the information to NERC and NERC will forward the proposed additions or changes to the NCR to the Regional Entity for review and comment. The Regional Entity has five business Days to respond to the proposed changes. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly. NERC updates the NCR and notifies the applicable Registered Entity(ies) within five business Days of the update. If the entity whose registration is at issue does not agree with the Regional Entity’s decision regarding UFLS-Only DP treatment, the entity may, within 30 Days of issuance of the decision, seek review by the NERC-led review panel in **Appendix 5A, Organization Registration and Organization Certification Manual, Section III.D**. If the entity whose registration is at issue does not agree with the determination of the NERC-led review panel, the entity may file an appeal with the NERC Board Compliance Committee (BOTCC) in accordance with the provisions set forth in Section V of this **Appendix 5A**.
14. The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Section V of **Appendix 5A** if it does not agree with the determination of the NERC-led review panel.
15. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance.³ NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

² See Figure 1B: Deactivation Process Overview

³ References to the term Director of Compliance in the NERC ROP should be read to include an equivalent position.

B. Deactivation Process

1. The term Deactivation refers to removal of an entity from the NCR for a specific functional category.
2. As a result of Deactivation, the entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that functional category.
3. If all functional categories have been deactivated for a given entity, such entity would be deregistered and removed from the NCR. However, the entity's compliance history will be retained. In its letter notifying the entity of its Deactivation or deregistration, as applicable, NERC will notify the entity of the required retention period, in accordance with the NERC ROP.
4. A Registered Entity may submit a request for Deactivation and supporting information to the Regional Entity at any time. Such information shall include:
 - a. Entity name and NCR ID number;
 - b. Functions for which Deactivation is requested; and
 - c. The basis on which Deactivation is requested, including supporting documentation, which may be limited to an attestation, if appropriate.
5. The Regional Entity shall request any additional information from the Registered Entity within 10 Days of receipt of the request for Deactivation.
6. The Registered Entity shall provide the additional information within 20 Days of its request for Deactivation.
7. The Regional Entity will issue a decision within 50 Days of the date of receipt of all requested information from the Registered Entity.
8. If the Regional Entity agrees with the request for Deactivation, it shall forward its Deactivation determination to NERC within five business Days of issuance of the decision.
9. If NERC accepts the Deactivation determination and the Registered Entity agrees with the determination, NERC will forward within five business Days of receipt of the Deactivation determination from the Regional Entity, the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has five business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
10. If the Regional Entity or NERC does not agree with the request for Deactivation, the Registered Entity may seek review by the NERC-led review panel in **Appendix 5A, Organization Registration and Organization Certification Manual**, Section III.D.
11. If the Deactivation determination involves (i) the materiality test set forth in the notes in **Appendix 5B, Statement of Compliance Registry Criteria**; (ii) a determination that a sub-set list of Reliability Standards (which will specify Reliability Standards and may specify Requirements/sub-Requirements) should apply as an alternative to Deactivation;⁴ or (iii) the Registered Entity disagrees with the Regional Entity determination, the determination will be submitted to the NERC-led review panel process in **Appendix**

⁴ If NERC has established clearly defined criteria for eligibility for a sub-set list of applicable Reliability Standards and has identified the sub-set list that may apply to similarly situated entities, such criteria shall govern the applicability of such sub-set list and such a matter shall not proceed to the NERC-led review panel, unless there is a dispute by the entity whose sub-set list treatment is at issue. (See, e.g., UFLS-Only DPs.)

5A, *Organization Registration and Organization Certification Manual*, Section III.D within 30 Days after issuance of the determination.

12. If the NERC-led review panel approves the request for Deactivation, NERC will forward within five business Days of the panel decision, the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has five business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
13. The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Section V of **Appendix 5A** if it does not agree with the determination of the NERC-led review panel.
14. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

C. Reactivation Process

1. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.
2. The term Reactivation refers to re-registration pursuant to the NERC ROP Section 500 and **Appendices 5A and 5B** of an entity to the NCR for a specific functional category or the revocation of, or additions to, a sub-set list of Reliability Standards (which specifies Reliability Standards and may specify Requirements/sub-Requirements) that has been granted to an entity. Reactivation may be initiated by NERC, a Regional Entity or an entity with respect to such entity's own functional categories or sub-set list of Reliability Standards (which specifies Reliability Standards and may specify Requirements/sub-Requirements).
3. Reactivation shall be governed by the procedures in the NERC ROP Section 500 and Section III.A and, as applicable, Section III.D of this **Appendix 5A**.
4. As a result of Reactivation, and consistent with the implementation plan to be developed pursuant to this paragraph, the entity shall prospectively comply with all Reliability Standards applicable to that functional category, or with the sub-set list specified in the Reactivation determination, unless otherwise notified. Within 30 days of a final Reactivation determination, the entity shall submit a proposed implementation plan to the Regional Entity detailing the schedule for complying with any Reliability Standards applicable to the Reactivation. The Regional Entity and Registered Entity shall confer to agree upon such schedule. If the Regional Entity and Registered Entity are unable to agree on the implementation plan, the Regional Entity shall notify the NERC Director of Compliance of the disagreement, and shall provide statements of the Regional Entity's and the Registered Entity's positions, and NERC shall specify a reasonable implementation schedule.
5. The entity's prior compliance history will be retained and shall apply with respect to the Reactivation. In its letter notifying the entity of its Reactivation, NERC will notify the entity of its registration in accordance with the NERC ROP.
6. The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Section V of **Appendix 5A** if it does not agree with the determination of the NERC-led review panel.
7. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

D. NERC-led Review Panel

1. NERC shall establish a NERC-led, centralized review panel, comprised of a NERC lead with Regional Entity participants, to vet requests for Deactivation of, or decisions not to register, an entity that meets Sections I through IV of the Registry Criteria or requests to add an entity that does not meet (i.e., falls below) Sections I through IV of the Registry Criteria, as well as disputes regarding the application of Sections I through IV of the Registration Criteria and requests for a sub-set list of applicable Reliability Standards (which may specify the Requirements/sub-Requirements).
 - a. The NERC-led review panel will be comprised of a standing pool of individuals with relevant expertise from NERC and each of the Regional Entities. Individuals with relevant expertise shall be appointed by the Regional Entity senior executive (CEO, President, General Manager, etc.) and individuals with relevant expertise shall be appointed by the NERC senior executive (CEO, President, General Manager, etc.). NERC shall select the panel members for a given matter from the standing pool.
 - b. Panel members for a given matter shall comply with Subsection 7 of Section 403 of the NERC ROP, shall not be employed by the Regional Entity whose determination is being reviewed or have otherwise participated in the review of the registration matter, and shall have the required technical background to evaluate registration matters.
2. With respect to review of the application of the criteria contained in the Statement of Compliance Registry Criteria Sections I through IV, the burden of proof is on NERC and the Regional Entity to demonstrate that an entity meets the Registry Criteria for registration.
3. The burden of proof with respect to the materiality test, set forth in **Appendix 5B, *Statement of Compliance Registry Criteria***, is on the entity making the request, i.e., the entity asking to be excluded from the NCR (despite satisfying the threshold criteria)⁵ and the Regional Entity seeking to include an entity in the NCR (that does not satisfy the threshold criteria).
4. The burden of proof with respect to a determination as to whether an entity's compliance obligations should be limited to only a specified sub-set of otherwise applicable Reliability Standards is on the entity requesting such treatment, provided, however, that where NERC has established clearly defined criteria for eligibility for a sub-set of applicable Reliability Standards (which may specify Requirements/sub-Requirements) and has identified the sub-set list that may apply to similarly situated entities (e.g., UFLS-Only DPs), the burden of proof to demonstrate that an entity does not meet the criteria for such a sub-set list is on the Regional Entity and NERC.
5. The entity who bears the burden of proof with respect to application of the materiality test, or a sub-set list of applicable Reliability Standards (which may specify Requirements/sub-Requirements) must submit to NERC, in writing, details of the issues and identification of the Responding Entity,⁶ and the applicable Regional Entity(ies), RC, BA, PA and TOP that have (or will have upon registration of the entity) the entity whose registration status is at issue within their respective Scope of Responsibility. NERC will send a

⁵ By way of example, the Registered Entity whose Deactivation request was denied by the Regional Entity bears the burden of proof (i.e., on materiality) and both requests panel review and makes the submissions required, under 6(a) and (c), unless the issue involves the Regional Entity's application of the threshold criteria. If the issue involves the Regional Entity's application of the threshold criteria, then the Regional Entity bears the burden of proof and makes the submissions required by sections 6(a) and (c), although it is the Registered Entity who makes the request for panel review.

⁶ By way of example, if a Registered Entity is seeking to be deactivated based on the materiality test and therefore bears the burden of proof, then the Responding Entity is the Regional Entity. If a Regional Entity bears the burden of proof in a materiality test case, then the entity whose registration status is at issue is the Responding Entity.

notification to the Regional Entity(ies), the entity whose registration status or sub-set list treatment is at issue, and the referenced RC, BA, PA and TOP acknowledging receipt of the notification of panel review.

- a. To ensure there is no confusion with respect to the rights and responsibilities of a Registered Entity during the panel review process, the notification will confirm whether the Registered Entity will remain on the NCR and will be responsible for compliance with approved Reliability Standards applicable to the function under review.
6. The panel review process timelines with respect to application of the materiality test, or sub-set list treatment of applicable Reliability Standards (which may specify Requirements/sub-Requirements) are as follows:
- a. Within 10 Days of the date of the NERC-led review panel notification, the entity with the burden of proof will provide any additional data supporting its request to NERC (who will forward to the NERC-led review panel), the Responding Entity, the applicable Regional Entity(ies), and the RC, BA, PA and TOP that has (or will have upon registration of the entity) the entity whose registration status at issue within their respective Scope of Responsibility.
 - b. The Responding Entity will provide a copy of its assessment directly to all parties, as well as to NERC, within 20 Days of the date of the NERC panel review notification. If the RC, BA, PA and TOP provide an assessment, they must provide a copy to all parties, as well as NERC, within 20 Days of the date of the NERC panel review notification.
 - c. The entity with the burden of proof may submit a response to the Responding Entity assessment, and any assessment submitted by the RC, BA, PA and TOP, with copies to all parties and NERC, within 30 Days of the date of the NERC panel review notification.
 - d. The standard of proof in any proceeding under these procedures shall be by a preponderance of the evidence.
 - e. The NERC-led review panel will render its decision within 60 Days of the final submission to the panel.
7. With respect to threshold disputes regarding application of Sections I through IV of **Appendix 5B, Statement of Compliance Registry Criteria**, the entity whose registration status is at issue must submit to NERC, in writing, details of the issues and identification of the applicable Regional Entity(ies), RC, BA, PA and TOP that have (or will have upon registration of the entity) the entity whose registration status is at issue within their respective Scope of Responsibility, NERC will send a notification to the Regional Entity(ies), the entity whose registration status is at issue, and the referenced RC, BA, PA and TOP acknowledging receipt of the notification of panel review.
- a. To ensure there is no confusion with respect to the rights and responsibilities of a Registered Entity during the panel review process, the notification will confirm whether the Registered Entity will remain on the NCR and will be responsible for compliance with approved Reliability Standards applicable to the function under review.
8. The panel review process timelines for threshold disputes regarding application off Sections I through IV of **Appendix 5B, Statement of Compliance Registry Criteria** are as follows:
- a. The entity whose registration status is at issue will provide NERC (who will forward to the NERC-led review panel), the applicable Regional Entity(ies), and the RC, BA, PA and TOP that has (or will have upon registration of the entity) the entity whose registration status at issue within their respective Scope of Responsibility, any additional data supporting its request within 10 Days of the date of the NERC panel review notification. In such a case, the Regional Entity has the burden of proof on application of the threshold criteria.
 - b. The Regional Entity will provide a copy of its assessment directly to all parties, as well as to NERC, within 20 Days of the date of the NERC panel review notification. If the RC, BA, PA and TOP provide

- an assessment, they must provide a copy to all parties, as well as NERC, within 20 Days of the date of the NERC panel review notification.
- c. The entity whose registration status is at issue may submit a response to the Regional Entity assessment, and any assessment submitted by the RC, BA, PA and TOP, with copies to all parties and NERC, within 30 Days of the date of the NERC panel review notification.
 - d. The standard of proof in any proceeding under these procedures shall be by a preponderance of the evidence.
 - e. The NERC-led review panel will render its decision within 60 Days of the final submission to the panel.
9. In reaching a decision, the NERC-led review panel will apply the materiality test and other criteria and notes, as applicable, set forth in **Appendix 5B, *Statement of Compliance Registry Criteria***. The NERC-led review panel ~~may~~shall also include a review of individual and aggregate system-wide risks to, and considerations of, reliability of the BPS, as well as the BES Definition, as applicable.
 10. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the entity whose registration status or sub-set list treatment is at issue and the Regional Entity of such time extensions, as well as the RC, BA, PA and TOP, of such time extensions.
 11. Once a decision is made, it will be issued to the entity whose registration status or sub-set list treatment is at issue, the Regional Entity and the referenced RC, BA, PA and TOP. The decision (including its basis) will be posted on the NERC website, with confidential information redacted in accordance with Section 1500 of the NERC ROP.
 12. NERC will forward within five business Days the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has 5 business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
 13. The BOTCC will resolve appeals of registration disputes in accordance with NERC ROP Section 500 and **Appendix 5A, *Organization Registration and Organization Certification Manual***, Section V.

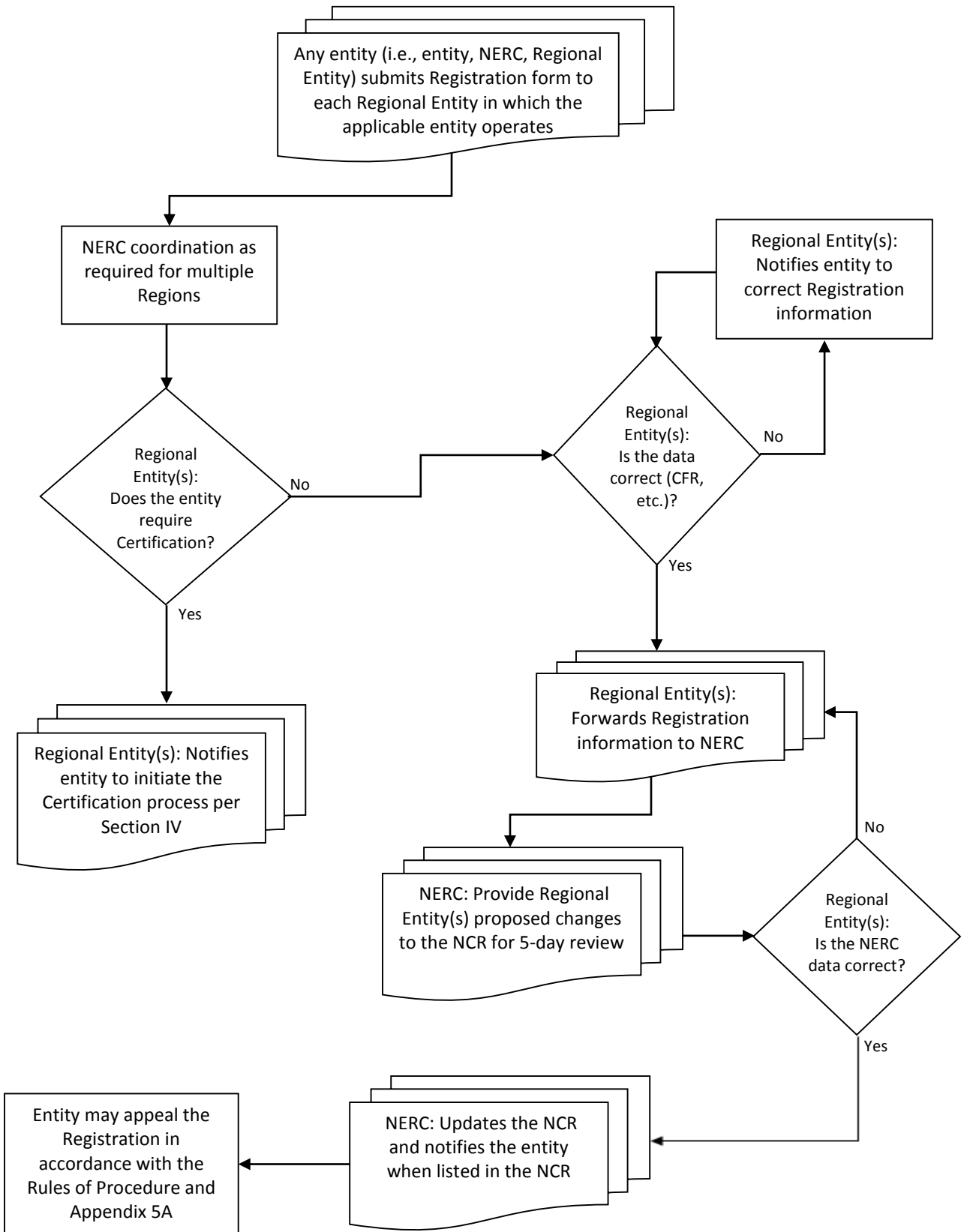


Figure 1A: Organization Registration Process Overview

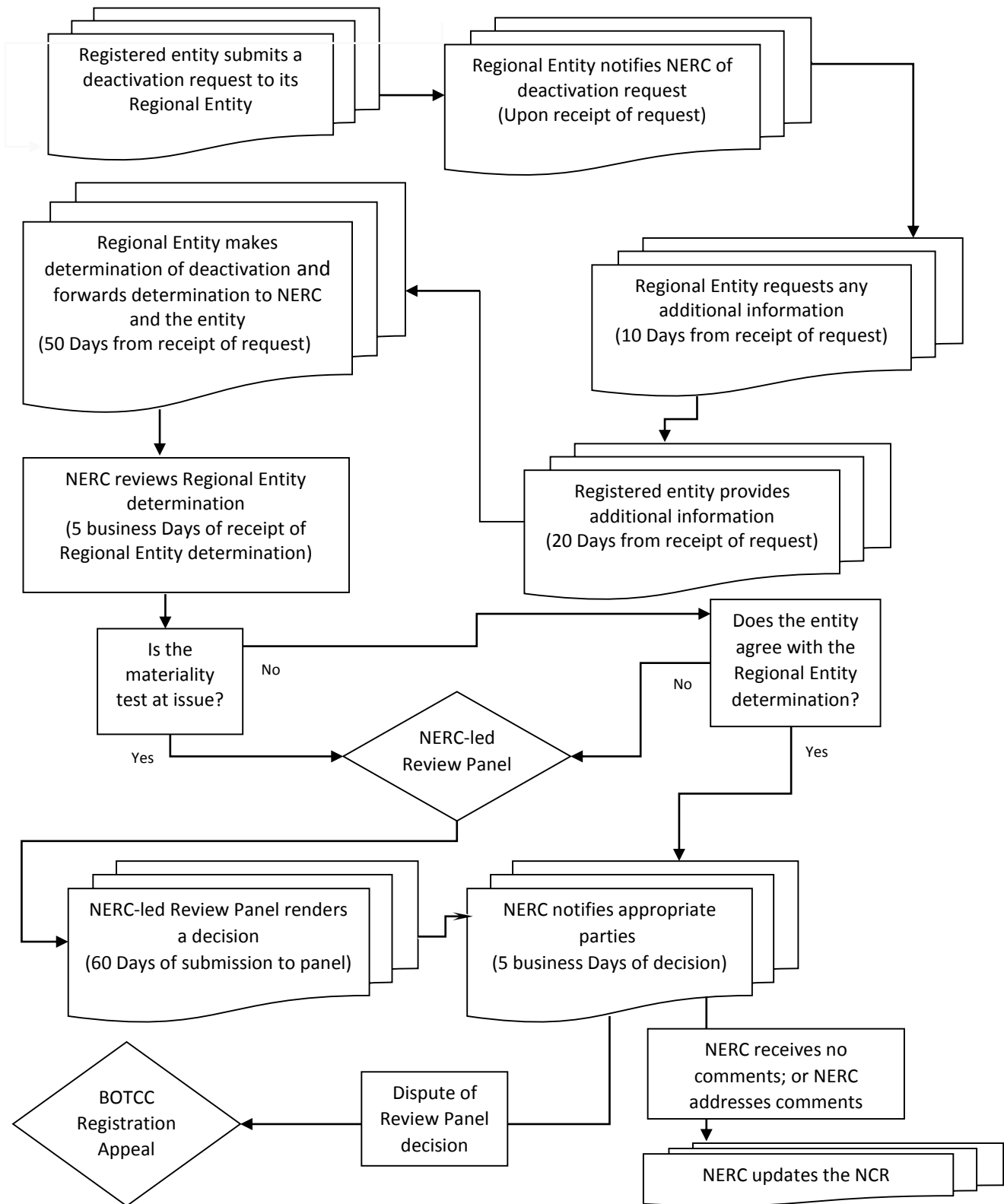


Figure 1B: Deactivation Process Overview

Section IV — Organization Certification Process

Purpose and Scope

The purpose and scope of this process is to provide guidance for completing the Certification of a new entity that will become NERC certified and registered as an RC, TOP, or BA.

Overview

See Figure 2 *Organization Certification Process Overview* for an overview of the Certification process.

Organization Certification Process

1. Certification:
 - a. An entity in a single Regional Entity reliability Region shall initiate the Certification process by completing a Certification application (Certification applications are provided on each Regional Entity's website) and sending it to the Regional Entity which will manage the Certification process.
 - b. An entity in multiple Regional Entity reliability Regions shall initiate the Certification process by completing a Certification application (Certification applications are provided on each Regional Entity's website) and sending it to the Regional Entities in those reliability Regions. Each Regional Entity will inform NERC of the request. The Regional Entities will determine which Regional Entity will provide the leadership to manage the Certification process.
 - c. Provisional Certification Process - All RCs, BAs, and/or TOPs that were already registered and operating on June 18, 2007 become "NERC Certified" upon completion of (1) a NERC readiness evaluation (on site activities completed by the evaluation team); and (2) a CMEP Compliance Audit (on site activities completed by the Compliance Audit team) after June 18, 2007. Recertification on a periodic basis of these Registered Entities will not be required. Demonstration of ongoing satisfactory performance of applicable RC, BA, and TOP functional Requirements shall be accomplished by completion of a CMEP Compliance Audit every three years per the requirements of the NERC ROP.
2. For an entity that is not required to be certified, the Regional Entity(ies) shall reject the application and notify the entity that Certification is not required.
3. If the application is not complete or accurate, the Regional Entity will notify the entity to revise the application as needed. When the application is deemed complete and accurate, it will be accepted. The entity and the Regional Entity shall agree to a timeline including specific milestones for the Certification process.
4. The decision to certify changes to an already operating and certified Registered Entity is a collaborative decision between the affected Regional Entity(s) and NERC. NERC has the final authority regarding this decision. Items to consider for this decision include one or more of the following:
 - a. Changes to a Registered Entity's Footprint or operational challenges (i.e., TLRs) due to the changes
 - b. Organizational restructuring that could impact the BPS reliability
 - c. Relocation of the control center
 - d. Changes to Registered Entity ownership requiring major operating procedure changes
 - e. Significant changes to JRO/CFR assignments or agreements changes
 - f. Addition or removal of member JRO/CFR utilities or entities

- g. Complete replacement of a Supervisory, Control and Data Acquisition (SCADA)/Energy Management System (EMS) system
- 5. The Certification process shall be completed within nine months of the date of acceptance of the application unless agreed to by all parties involved in the process and approved by NERC.
- 6. The Regional Entity(ies) shall notify NERC that the Certification process has begun to enable NERC to carry out its roles and responsibilities.
- 7. The Regional Entity will send a questionnaire with a submission deadline and a statement of expectations to all entities participating in the Certification process. These questionnaires and other related documents are located on the NERC website. The Regional Entity shall distribute questionnaires and other related documents to the following entities, as required:
 - a. Entity seeking Certification.
 - b. Participating BAs, RCs, and TOPs in Footprints in which the entity intends to operate or with which the entity intends to interconnect transmission Facilities.
 - c. Participating TOs, TSPs, PAs, GOs, GOPs, TPs, DPs, and/or other applicable entities.
- 8. The Regional Entity shall assemble a CT that will be responsible for performing the activities included in the Certification process.
 - a. The CT members shall adhere to NERC’s confidentiality agreements for any data or information made available to the CT member through the Certification process. Team members shall not be employees of or have a direct financial interest in the entity or any of its affiliates.
 - b. The Regional Entity, with concurrence of NERC, may increase or decrease the distribution of the questionnaires and other related documents based upon the complexity of the Certification.
 - c. If the entity objects to any member of the CT, the entity must make that known, in writing, to the Regional Entity listing the reasons for the objection. The Regional Entity will either replace the team member or respond with written justification for keeping the member on the team.
 - d. CT composition
 - i. The BA CT shall consist of representatives from an existing BA, the entity’s proposed RC, TOP, each affected Regional Entity, and NERC.
 - ii. The RC CT shall consist of representatives from an existing RC, a BA and a TOP in the proposed RC Area, each affected Regional Entity, and NERC.
 - iii. The TOP CT shall consist of representatives from an existing TOP, the entity’s proposed RC, each affected Regional Entity, and NERC.
 - iv. Additional CT members with expertise in the any of the NERC Compliance Registry functional areas can be added as necessary.
 - v. Additional CT members from NERC or Regional Entity staff may be added as necessary.
 - vi. Entities such as government representatives or other stakeholders may be observers in the Certification process.
- 9. Each CT member must complete the NERC auditor training prior to participation.
- 10. The CT will review the entity’s submitted documentation and address any issues prior to the site visit.
- 11. The CT shall inform the entity before the on-site visit of any documentation or clarification that is necessary to support the questionnaires.

12. The entity shall identify to the CT prior to the on-site visit all Reliability Standards or Requirements/sub-Requirements which have been delegated to another entity.
 - a. The CT will review the entity(ies) ability to perform those delegated Requirements/sub-Requirements or Reliability Standards.
13. The CT shall conduct at least one on-site visit to the entity's Facilities. At a minimum, the team will:
 - a. Review with the entity the data collected through the questionnaires, and such data that is available only onsite;
 - b. Interview the operations and management personnel;
 - c. Inspect the Facilities and equipment associated with the applicable Reliability Standards referenced in the questionnaire;
 - d. Request demonstration of all tools identified in the Certification process;
 - e. Review documents and data including agreements, processes, and procedures identified in the Certification process;
 - f. Verify operating personnel NERC Certification documents and proposed work schedules; and,
 - g. Review any additional documentation resulting from inquiries arising during the site-visit.
14. The entity, in conjunction with the CT, shall attempt to resolve any deficiencies prior to issuance of the draft report.
15. The draft report is provided to the entity for review for 14 Days and any resulting comments will be assessed by the CT for possible inclusion in the report.
16. The Regional Entity(ies) may grant a time extension, not to exceed 180 Days, to the entity to allow the entity to resolve any open Certification issues.
17. The CT shall provide a Certification recommendation and identification of audit deficiencies in the final written report. All members of the CT shall have an equal voice in the Certification recommendation. This allows for a minority opinion if the review team cannot reach a consensus. The final written Certification report is distributed to NERC, the entity, and the other affected Regional Entities, as applicable.
18. The following is the format for the final report:
 - Title page
 - Table of Contents
 - Introduction – A brief discussion on the Regional Entity(ies) involved, the entity being certified, a description of the function the entity(ies) are being certified for, and a brief timeline of the Certification project.
 - CT – Provide the CT makeup.
 - Objective and Scope – Discussion on entity application (who, what, when, & how).
 - Overall Conclusion – Recommendation being made by the CT.
 - CT Findings – Any item(s) needing to be closed prior to operation that do not hinder the CT from making a recommendation.
 - Positive Observations.
 - Company History – Discussion on the applicant's company history.

- Company Details – Specific details regarding why the entity is being certified and its relationship with other entities (BAs, RCs, and TOPs etc.).
- Documentation List – Provide a list of critical documentation reviewed by the CT used to make the CT’s conclusion and the documentation retention requirements.
- Attachments – Describe those attachments that are for public viewing and those that are separated from the report due to confidentiality issues such as Critical Infrastructure documentation.

19. Certification recommendation and approval.

- a. If the entity intends to operate in a single Regional Entity’s reliability Region, the CT shall make a Certification recommendation to that Regional Entity. The Regional Entity shall approve or disapprove the recommendation. The Regional Entity shall notify the entity and NERC of the Certification decision.
- b. If the entity intends to operate in multiple Regional Entities, the CT shall make a Certification recommendation to all applicable Regional Entities in a single report. Certification recommendation by the Regional Entities must be unanimous. The Regional Entities shall notify the entity and NERC of the Certification decision.
- c. NERC shall approve or disapprove all final Certification recommendations and notify the entity of the decision.

20. The entity may appeal the decision in accordance with the NERC ROP and Section VI of this manual.

21. If the entity is approved for Certification, NERC shall provide the entity a Certification letter and a NERC certificate indicating that that entity is NERC certified as a BA, RC, and/or TOP as applicable.

- a. For those CFR entities that agree upon a division of compliance responsibilities for one or more Reliability Standards or Requirements/sub-Requirements, NERC shall provide all entities responsible for BA, RC and/or TOP Requirements/sub-Requirements and approved for Certification as BA, RC and/or TOP a NERC certificate indicating that those entities are NERC certified as a BA, RC, and/or TOP.
- b. NERC shall update the Compliance Registry prior to the entity(s) going operational.

22. After the entity has been awarded Certification, the Regional Entity(ies) shall notify all applicable entities as to the date that the entity may begin its operation as a certified entity. The entity must commence operation within 12 months of Certification. Failure to begin operation within the 12-month period shall require the entity to reapply for Certification.

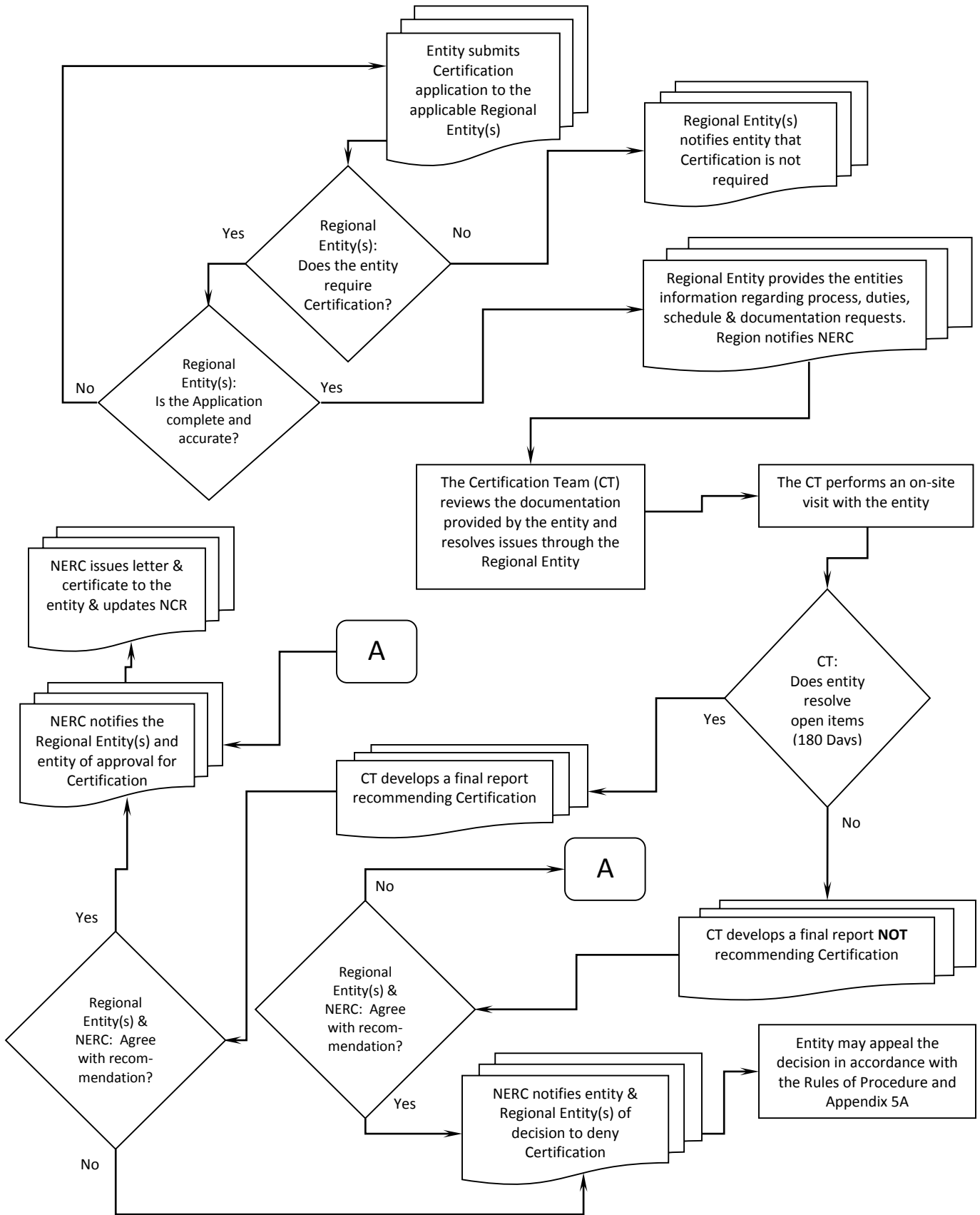


Figure 2: Organization Certification Process Overview

Section V — NERC Organization Registration Appeals Process

Purpose and Scope

This section describes the process that any organization must use to seek review of its listing and functional assignment on the NCR.

Overview

NERC has established documented procedures to ensure a fair and impartial appeals process. No one with a direct interest in a dispute may participate in the appeals process except as a party or witness. See Figure 3, *Organization Registration Appeals Process Overview*.

Organization Registration Appeals Procedure

1. Any Registered Entity included on the NCR may challenge final decisions regarding its listing, functional assignments, and determinations regarding the applicability of a sub-set of Reliability Standards (which specifies the specific Reliability Standards and may specify Requirements/sub-Requirements).
2. All registration appeals must be filed in writing to NERC, via registered mail. Appeals are sent to:
Compliance Operations
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
Main: (404) 446-2560
Facsimile: (404) 446-2595
3. Each party in the appeals process shall pay its own expenses for each step in the process.
4. A stipulation of invoking the appeals process is that the Regional Entity or Registered Entity requesting the appeal agrees that NERC (its Members, Board, committees, subcommittees, and staff), any person assisting in the appeals process, and any company employing a person assisting in the appeals process, shall not be liable for, and shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the appeals proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.
5. Parties retain the right to seek further review of a decision in whatever regulatory agency or court that may have jurisdiction.
6. All appeals must be received within 21 Days of receipt of the NERC determination that is being appealed. The appeal must state why the Registered Entity believes it should not be registered or should be deactivated based on the NERC ROP and the *NERC Statement of Compliance Registry Criteria* or why its compliance obligations should be limited only to a sub-set list of otherwise applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements). A copy of the appeal must be concurrently served on the Regional Entity.

Section V — NERC Organization Registration Appeals Process

7. After receipt of the appeal, the Registered Entity has a 30 day period to work with the Regional Entity to resolve the appeal, if possible. If the appeal is resolved, the Regional Entity will notify NERC with the details of the resolution and NERC will close the appeal.
8. At any time through this appeals process, a Registered Entity may agree with the decision and/or agree to close the appeal. NERC shall notify the involved parties and the NERC BOTCC that the appeal is resolved and update the NCR as applicable.
9. NERC will notify the Registered Entity and the applicable Regional Entity(ies) regarding the appeal with the following expectations:
 - a. The Registered Entity will provide NERC and the applicable Regional Entity(ies) any additional data supporting its appeal within 10 Days of the date of the NERC appeal notification.
 - b. The applicable Regional Entity(ies) will provide a copy of its assessment directly to the Registered Entity, as well as to NERC, within 20 Days of the date of the NERC appeal notification.
 - c. The Registered Entity may submit a response to the Regional Entity(ies) assessment, with copies to the Regional Entity(ies) and NERC, within 30 Days of the date of the NERC appeal notification.
 - d. To ensure there is no confusion with respect to the rights and responsibilities of the Registered Entity during the appeal process, the notification will confirm whether the Registered Entity will remain on the NERC Compliance Registry and will be responsible for compliance with approved Reliability Standards applicable to the function under appeal during the appeal.
 - e. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. NERC shall notify the Registered Entity and the Regional Entity of such time extensions.
10. Hearing and Ruling by the BOTCC
 - a. The BOTCC will resolve Registration disputes.
 - b. The BOTCC may request additional data from NERC, the relevant Regional Entity(ies) or the Registered Entity, and prescribe the timeframe for the submitting the requested data.
 - c. The BOTCC will provide a written decision regarding any appeals, along with the basis for its decision.
 - d. If the BOTCC upholds the appeal, NERC will:
 - Notify the Registered Entity and Regional Entity(ies) that the appeal was granted.
 - Update the NCR.
 - e. If the BOTCC does not uphold the appeal, NERC will:
 - Notify the Registered Entity and the Regional Entity(ies) that the appeal was denied.
 - The Registered Entity may appeal to Federal Energy Regulatory Commission (FERC) or another Applicable Governmental Authority within 21 Days of the notification of the decision.
 - f. A record of the appeals process shall be maintained by NERC. Confidentiality of the record of the appeal will be based on the NERC ROP Section 1500.

Section V — NERC Organization Registration Appeals Process

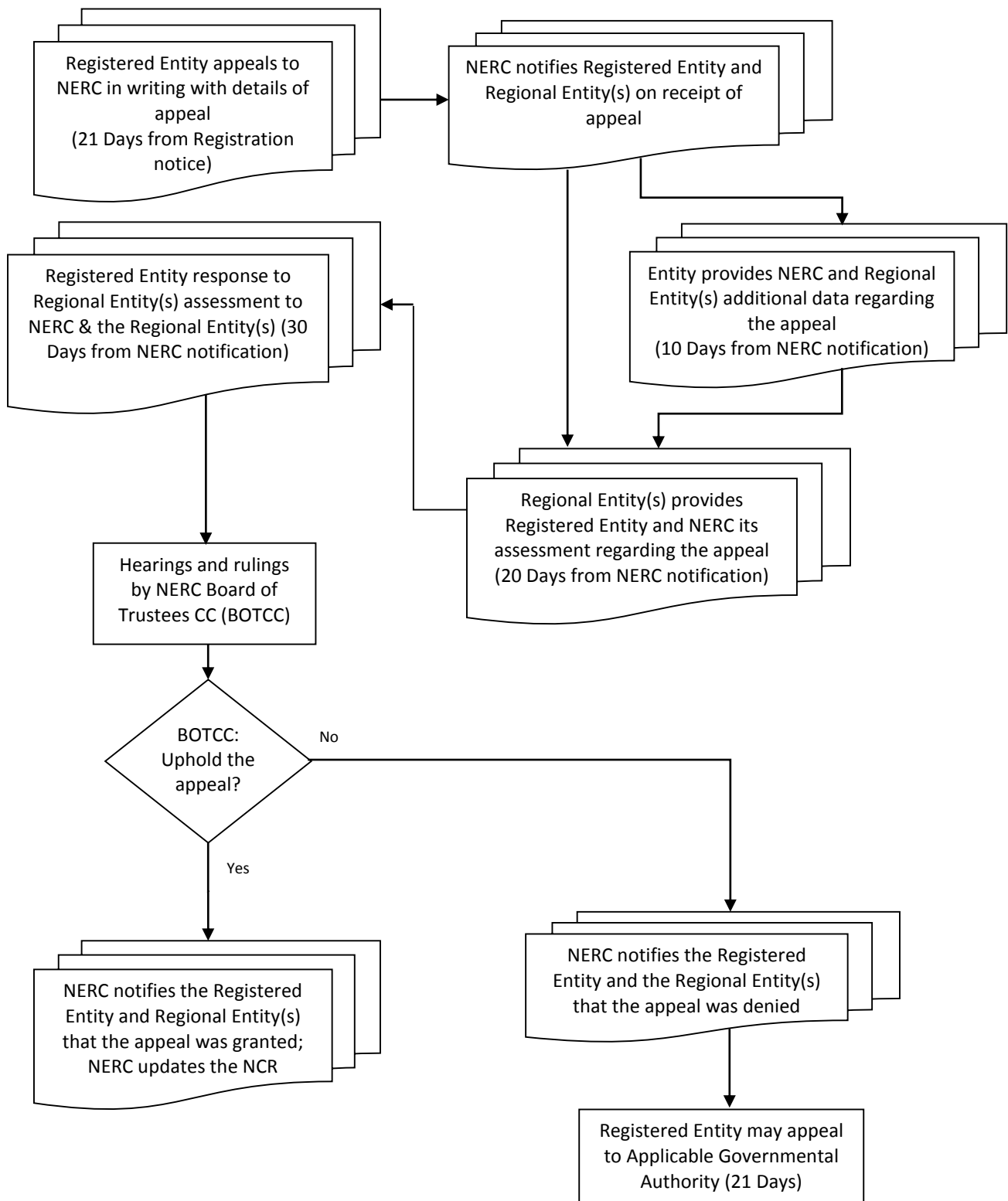


Figure 3: Organization Registration Appeals Process Overview

Section VI — NERC Organization Certification Appeals Process

Purpose and Scope

This section describes the process for an organization to appeal the Certification decision that was determined in the Certification process.

Overview

The NERC Organization Certification Program provides a key means to fulfill NERC's mission. In conducting this program, NERC has established documented procedures to ensure a fair and impartial appeals process. No one with a direct interest in a dispute may participate in the appeals process except as a party or witness. See Figure 4 *Organization Certification Appeals Process Overview*.

Organization Certification Appeals Procedure

1. Appeal for an Organization Certification Finding.
2. Any entity can appeal an organization Certification decision issued as a result of the Certification process.
3. Requirements and Conditions for Appeals.
 - a. For all appeals under the NERC Organization Certification Program, the appeals process begins when an entity notifies the NERC Vice President and Director of Compliance, in writing, that it wishes to use the NERC appeals process.
 - The Director of Compliance is the main contact for all parties in all steps of the appeals process.
 - If an appeal is not filed within 21 Days of the date that the Certification report or finding is issued, or the final Regional Entity appeals process ruling is made, the finding shall be considered final and un-appealable.
 - b. Each party in the appeals process shall pay its own expenses for each step in the process.
 - c. A stipulation of invoking the appeals process is that the Regional Entity or entity requesting the appeal agrees that NERC (its Members, Board, committees, subcommittees, and staff), any person assisting in the appeals process, and any company employing a person assisting in the appeals process, shall not be liable, and shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the appeals proceeding. This "hold harmless" clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.
 - d. Parties retain the right to seek further review of a decision in whatever regulatory agency or court that may have jurisdiction.
4. At any time through this appeals process, an entity may withdraw its appeal.
5. Hearing and Ruling by the Compliance and Certification Committee.
 - a. Within 28 Days of receiving notice from the NERC Director of Compliance, the CCC will conduct a hearing where all the parties or representatives of the disputing parties will present the issue in question, in accordance with CCC procedure CCCPP-005, *Hearing Procedures for Use in Appeals of Certification Matters*, which is incorporated in **Appendix 4E** of the ROP.
 - b. If the appeal is upheld, NERC notifies the entity and Regional Entity(s), updates the NCR, and issues any appropriate letter and certificate to the entity.
 - c. If the appeal is denied, NERC notifies the entity and Regional Entity(s).

6. Hearings and Ruling by the BOTCC.
 - a. The BOTCC will be asked to resolve a dispute related to the NERC Organization Certification Program if any party to the appeal contests the CCC final order.
 - b. The BOTCC may request additional data from NERC, Regional Entity(s) or the entity and prescribe the timeframe for the submitting the requested data.
 - c. At the next regularly scheduled BOTCC meeting, or at a special meeting if the Board determines it is necessary, the Chairman of the CCC will present a summary of the dispute and the actions taken to the BOTCC.
 - Each party will have an opportunity to state its case.
 - The BOTCC will then rule on the dispute.
 - d. If the BOTCC upholds the appeal, NERC will:
 - Notify the entity and the Regional Entity(ies) that the appeal was upheld.
 - Update the NCR.
 - Issue a Certification letter and a certificate to the entity as applicable.
 - e. If the BOTCC does not uphold the appeal, NERC will notify the entity and the Regional Entity(ies) that the appeal was denied.
 - The entity may appeal to Applicable Governmental Authorities within 21 Days of the issuance of the decision.
 - f. A record of the appeals process shall be maintained by NERC and available upon request. Confidentiality of the record of the appeal will be based on the NERC ROP Section 1500.

Section VI – NERC Organization Certification Appeals Process

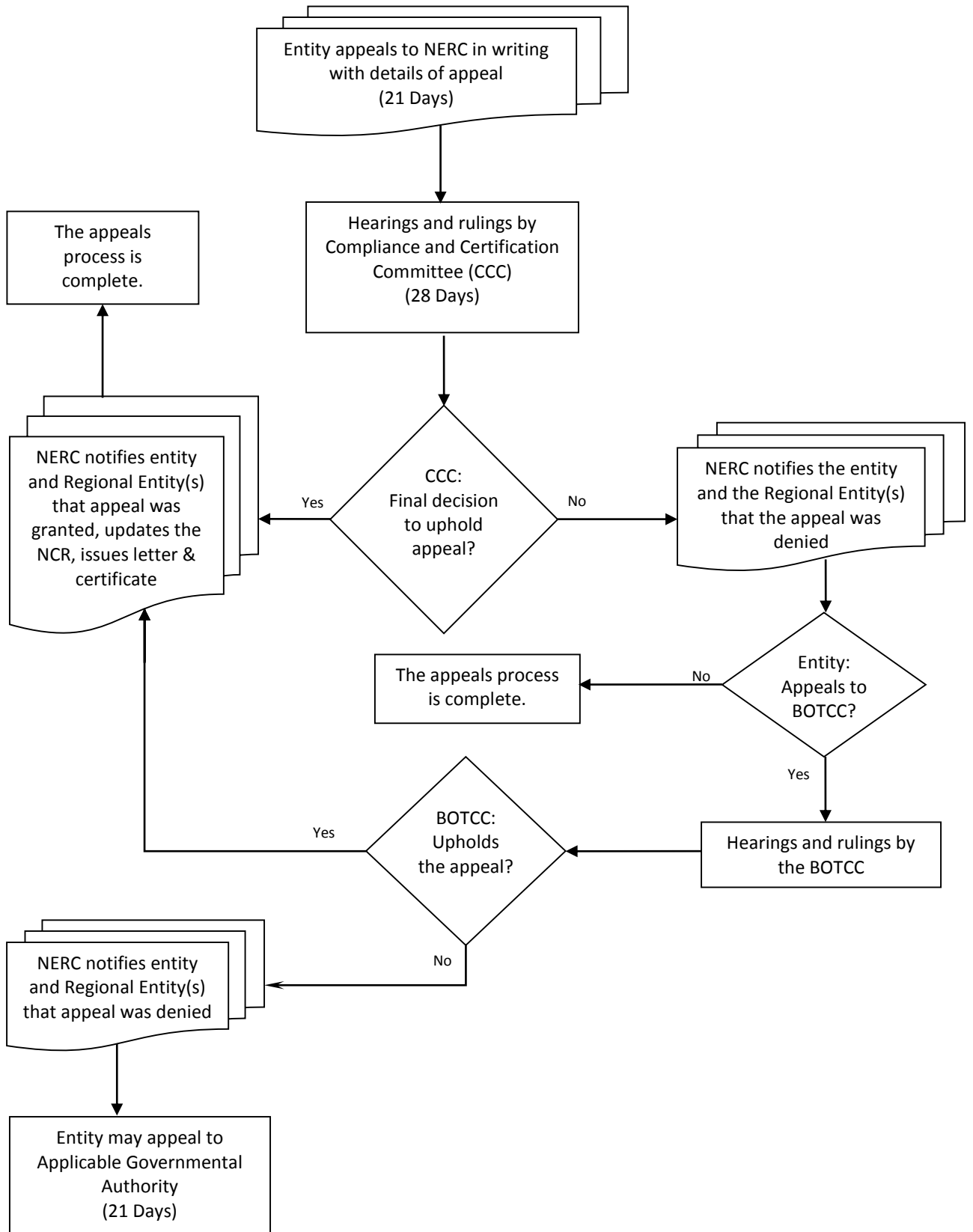


Figure 4: Organization Certification Appeals Process Overview

Definitions

Capitalized terms used in this Appendix shall have the definitions set forth in Appendix 2 of the ROP. For convenience of reference, definitions used in this Appendix are also set forth below:

NERC Organization Certification	The process undertaken by NERC and a Regional Entity to verify that a new entity is capable of responsibilities for tasks associated with a particular function such as a Balancing Authority, Transmission Operator, and/or Reliability Coordinator.
Compliance and Certification Manager	The individual/individuals within the Regional Entity that is/are responsible for monitoring compliance of entities with applicable NERC Reliability Standards.
Days	Days as used in the Registration and Certification processes are defined as calendar days.
Footprint	The geographical or electric area served by an entity.
Functional Entity	An entity responsible for a function that is required to ensure the Reliable Operation of the electric grid as identified in the NERC Reliability Standards.
Mapping	The process of determining whether a Regional Entity's Footprint is being served by Registered Entities.
NERC Identification Number (NERC ID)	A number given to NERC Registered Entities that will be used to identify the entity for certain NERC activities. Corporate entities may have multiple NERC IDs to show different corporate involvement in NERC activities.
Regional Entity	An entity having enforcement authority pursuant to 18 C.F.R. § 39.8.
Registration	Processes undertaken by NERC and Regional Entities to identify which entities are responsible for reliability functions within the Regional Entity's Region.
Coordinated Functional Registration (CFR)	Where two or more entities (parties) agree in writing upon a division of compliance responsibility among the parties for one or more Reliability Standard(s) applicable to a particular function, and/or for one or more Requirement(s)/sub-Requirement(s) within particular Reliability Standard(s).

Appendix 5B¹

Statement of Compliance Registry Criteria

Revision 5.2

Effective: ~~March 19, 2015~~DATE

¹ Highlighted text reflects incremental changes made in response to stakeholder feedback.

Statement of Compliance Registry Criteria (Revision 5.2)

Summary

This document describes how the North American Electric Reliability Corporation (NERC) will identify organizations that may be candidates for Registration and assign them to the Compliance Registry.

NERC and the Regional Entities² have the obligation to identify and register all entities that meet the criteria for inclusion in the Compliance Registry, as further explained in the balance of this document.

Organizations will be responsible to register and to comply with approved Reliability Standards to the extent that they are owners, operators, and users of the Bulk Power System (BPS), perform a function listed in the functional types identified in Section II of this document, and are material to the Reliable Operation of the interconnected BPS as defined by the criteria and notes set forth in this document. NERC will apply the following principles to the Compliance Registry:

- In order to carry out its responsibilities related to enforcement of Reliability Standards, NERC must identify the owners, operators, and users of the BPS who have a material impact³ on the BPS through a Compliance Registry. NERC and the Regional Entities will make their best efforts to identify all owners, users and operators who have a material impact on the BPS in order to develop a complete and current Compliance Registry list. The Compliance Registry will be updated as required and maintained on an on-going basis.
- Organizations listed in the Compliance Registry are responsible and will be monitored for compliance with applicable mandatory Reliability Standards. They will be subject to NERC's and the Regional Entities' Compliance Monitoring and Enforcement Programs.
- NERC and Regional Entities will not monitor nor hold those not in the Compliance Registry responsible for compliance with the Reliability Standards. An entity which is not initially placed on the Compliance Registry, but which is identified subsequently as having a material impact, will be added to the Compliance Registry. Such entity will not be subject to a sanction or Penalty by NERC or the Regional Entity for actions or inactions prior to being placed on the Compliance Registry, but may be required to comply with a Remedial Action Directive or Mitigation Plan in order to become compliant with applicable Reliability Standards. After such entity has been placed on the Compliance Registry, it shall be responsible for complying with Reliability Standards and may be subject to sanctions or Penalties as well as any Remedial Action Directives and Mitigation Plans required by the Regional Entities or NERC for future violations, including any failure to follow a Remedial Action Directive or Mitigation Plan to become compliant with Reliability Standards.
- Required compliance by a given organization with the Reliability Standards will begin the later of (i) inclusion of that organization in the Compliance Registry and (ii) approval by the Applicable Governmental Authority of mandatory Reliability Standards applicable to the registered entity.

² The term "Regional Entities" includes Cross-Border Regional Entities, that have footprints in the U.S., Canada and Mexico, as applicable. Applicable Governmental Authorities in Canadian jurisdictions may have adopted their own Rules of Procedure and Compliance Registry requirements. Registered Entities may be subject to the Compliance Monitoring and Enforcement Programs (CMEP) in their respective jurisdictions, in accordance with applicable laws and regulations.

³ The criteria for determining whether an entity will be placed on the Compliance Registry are set forth in the balance of this document. At any time a person may recommend in writing, with supporting reasons, to the Director of Compliance (or an equivalent position) that an organization be added to or removed from the Compliance Registry, pursuant to NERC Rules of Procedure Section 501.1.3.5.

Entities responsible for funding NERC and the Regional Entities have been identified in the budget documents filed with FERC.⁴ Presence on or absence from the Compliance Registry has no bearing on an entity's independent responsibility for funding NERC and the Regional Entities.

Background

In 2005, NERC and the Regional Entities conducted a voluntary organization registration program limited to Balancing Authorities, Planning Authorities, regional reliability organizations, Reliability Coordinators, Transmission Operators, and Transmission Planners. The list of the entities that were registered constitutes what NERC considered at that time as its Compliance Registry.

NERC initiated a broader program to identify additional organizations potentially eligible to be included in the Compliance Registry and to confirm the information of organizations currently on file, taking into account the following considerations:

- As of July 20, 2006, NERC was certified as the Electric Reliability Organization (ERO) created for the U.S. by the Energy Policy Act of 2005 (EPAAct) and FERC Order No. 672. NERC has received similar recognition by Canadian authorities in their respective jurisdictions.
- FERC Order No. 672 directs that owners, operators and users of the BPS in the U.S. shall be registered with the ERO and the appropriate Regional Entities.
- As the ERO, NERC has filed its current Reliability Standards with FERC and with Canadian authorities. As accepted and approved by FERC and appropriate Canadian authorities, the Reliability Standards are no longer voluntary, and organizations that do not fully comply with them may face Penalties or other sanctions, in accordance with applicable laws, regulations and orders of Applicable Governmental Authorities.
- NERC's Reliability Standards include compliance Requirements for additional reliability function types beyond the six types registered by earlier registration programs.
- Based on selection as the ERO, NERC's Organization Registration program⁵ is the means by which NERC and the Regional Entities plan, manage and execute Reliability Standard compliance oversight of owners, operators, and users of the BPS.
- Organizations listed in the Compliance Registry are subject to NERC's and the Regional Entities' Compliance Monitoring and Enforcement Programs.

Statement of Issue

As the ERO, NERC intends to comprehensively and thoroughly protect the reliability of the grid. To support this goal NERC will include in its Compliance Registry each entity that NERC concludes can materially impact the reliability of the BPS.

NERC wishes to identify those entities that may need to be listed in its Compliance Registry. Identifying these organizations is necessary and prudent for the purpose of determining resource needs, both at the

⁴ Budget documents are submitted to Applicable Governmental Authorities in Canada for information.

⁵ See NERC ERO Application; Exhibit C; Section 500 – Organization Registration and Certification.

NERC and Regional Entity level, and for communicating with these entities regarding their potential responsibilities and obligations. NERC and the Regional Entities believe that candidate entities can be identified at any time, as and when needed. The Compliance Registry is available on NERC's website.

Resolution

The potential costs and effort of registering every organization potentially within the scope of "owner, operator, and user of the BPS," while ignoring their impact upon reliability, would be disproportionate to the improvement in reliability that would reasonably be anticipated from doing so.

NERC and the Regional Entities have identified two principles they believe are key to the entity selection process. These are:

1. There needs to be consistency between Regions and across the continent with respect to which entities are registered; and
2. Any entity reasonably deemed material to the reliability of the BPS will be registered, irrespective of other considerations.

To address the second principle the Regional Entities, working with NERC, will identify and register any entity they deem material to the reliability of the BPS.

In order to promote consistency, NERC and the Regional Entities use the following criteria as the basis for determining whether particular entities should be identified as candidates for Registration. All organizations meeting or exceeding the criteria will be identified as candidates.

The following four groups of criteria (Sections I-IV) plus the statements in Section V will provide guidance regarding an entity's Registration status:

- Section I determines if the entity is an owner, operator, or user of the BPS and, hence, a candidate for organization Registration.
- Section II uses NERC's current functional type definitions to provide an initial determination of the functional types for which the entities identified in Section I should be considered for Registration.
- Section III lists the criteria regarding smaller entities; these criteria can be used to forego the Registration of entities that were selected to be considered for Registration pursuant to Sections I and II and, if circumstances change, for later removing entities from the Compliance Registry that no longer meet the relevant criteria.
- Section IV — additional criteria for joint Registration. Joint Registration criteria may be used by joint action agencies, generation and transmission cooperatives and other entities which agree upon a clear division of compliance responsibility for Reliability Standards by written agreement. Rules pertaining to joint Registration and Joint Registration Organizations, as well as Coordinated Functional Registrations, are now found in Sections 501, 507 and 508 of the NERC Rules of Procedure.

- I. Entities that use, own or operate Elements of the Bulk Electric System (BES) as established by NERC's approved definition of BES below are (i) owners, operators, and users of the BPS and (ii) candidates for Registration:

“Bulk Electric System” or “BES” means unless modified by the lists shown below, all Transmission Elements operated at 100 kV or higher and Real Power and Reactive Power resources connected at 100 kV or higher. This does not include facilities used in the local distribution of electric energy.

Inclusions:

- ***I1*** - Transformers with the primary terminal and at least one secondary terminal operated at 100 kV or higher unless excluded by application of Exclusion E1 or E3.
- ***I2*** - Generating resource(s) including the generator terminals through the high-side of the step-up transformer(s) connected at a voltage of 100 kV or above with:
 - a) Gross individual nameplate rating greater than 20 MVA. Or,
 - b) Gross plant/facility aggregate nameplate rating greater than 75 MVA.
- ***I3*** - Blackstart Resources identified in the Transmission Operator's restoration plan.
- ***I4*** - Dispersed power producing resources that aggregate to a total capacity greater than 75 MVA (gross nameplate rating), and that are connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage of 100 kV or above. Thus, the facilities designated as BES are:
 - a) The individual resources, and
 - b) The system designed primarily for delivering capacity from the point where those resources aggregate to a greater than 75 MVA to a common point of connection at a voltage of 100 kV or above.
- ***I5*** - Static or dynamic devices (excluding generators) dedicated to supplying or absorbing Reactive Power that are connected at 100 kV or higher, or through a dedicated transformer with a high-side voltage of 100 kV or higher, or through a transformer that is designated in Inclusion I1 unless excluded by application of Exclusion E4.

Exclusions:

- ***E1*** - Radial systems: A group of contiguous transmission Elements that emanates from a single point of connection of 100 kV or higher and:
 - a) Only serves Load. Or,
 - b) Only includes generation resources, not identified in Inclusions I2, I3, or I4, with an aggregate capacity less than or equal to 75 MVA (gross nameplate rating). Or,
 - c) Where the radial system serves Load and includes generation resources, not identified in Inclusions I2, I3 or I4, with an aggregate capacity of non-retail generation less than or equal to 75 MVA (gross nameplate rating).

Note 1 – A normally open switching device between radial systems, as depicted on prints or one-line diagrams for example, does not affect this exclusion.

Note 2 – The presence of a contiguous loop operated at a voltage level of 50 kV or less, between configurations being considered as radial systems, does not affect this exclusion.

- **E2** - *A generating unit or multiple generating units on the customer’s side of the retail meter that serve all or part of the retail Load with electric energy if: (i) the net capacity provided to the BES does not exceed 75 MVA, and (ii) standby, back-up, and maintenance power services are provided to the generating unit or multiple generating units or to the retail Load by a Balancing Authority, or provided pursuant to a binding obligation with a Generator Owner or Generator Operator, or under terms approved by the applicable regulatory authority.*
- **E3** - *Local networks (LN): A group of contiguous transmission Elements operated at less than 300 kV that distribute power to Load rather than transfer bulk power across the interconnected system. LN’s emanate from multiple points of connection at 100 kV or higher to improve the level of service to retail customers and not to accommodate bulk power transfer across the interconnected system. The LN is characterized by all of the following:*
 - a) *Limits on connected generation: The LN and its underlying Elements do not include generation resources identified in Inclusions I2, I3, or I4 and do not have an aggregate capacity of non-retail generation greater than 75 MVA (gross nameplate rating);*
 - b) *Real Power flows only into the LN and the LN does not transfer energy originating outside the LN for delivery through the LN; and*
 - c) *Not part of a Flowgate or transfer path: The LN does not contain any part of a permanent Flowgate in the Eastern Interconnection, a major transfer path within the Western Interconnection, or a comparable monitored Facility in the ERCOT or Quebec Interconnections, and is not a monitored Facility included in an Interconnection Reliability Operating Limit (IROL).*
- **E4** - *Reactive Power devices installed for the sole benefit of a retail customer(s).*

Note - Elements may be included or excluded on a case-by-case basis through the Rules of Procedure exception process.

II. Entities identified in Section I above will be categorized as Registration candidates who may be subject to Registration under one or more appropriate Functional Entity types based on a comparison of the functions the entity normally performs against the following function type definitions:⁶

Function Type	Acronym	Definition/Discussion
Balancing Authority	BA	The responsible entity that integrates resource plans ahead of time, maintains Load-interchange-generation balance within a

⁶ Exclusion: An entity will not be registered based on these criteria if responsibilities for compliance with approved NERC Reliability Standards or associated Requirements including reporting have been transferred by written agreement to another entity that has registered for the appropriate function for the transferred responsibilities, including bilateral agreements and Sections 501, 507 and 508 of the NERC Rules of Procedure.

Function Type	Acronym	Definition/Discussion
		Balancing Authority Area, and supports Interconnection frequency in real-time.
Distribution Provider	DP	<p>Provides and operates the “wires” between the transmission system and the end-use customer. For those end-use customers who are served at transmission voltages, the Transmission Owner also serves as the Distribution Provider. Thus, the Distribution Provider is not defined by a specific voltage, but rather as performing the distribution function at any voltage.</p> <p>Note: As provided in Section III.b.1 and Note 5 below, a Distribution Provider entity shall be an Underfrequency Load Shedding (UFLS)-Only Distribution Provider if it is the responsible entity that owns, controls or operates UFLS Protection System(s) needed to implement a required UFLS program designed for the protection of the BES, but does not meet any of the other registration criteria for a Distribution Provider.</p>
Generator Operator	GOP	The entity that operates generating Facility(ies)and performs the functions of supplying energy and Interconnected Operations Services.
Generator Owner	GO	Entity that owns and maintains generating Facility(ies).
Load-Serving Entity	LSE	Secures energy and Transmission Service (and related Interconnected Operations Services) to serve the electrical demand and energy requirements of its end-use customers.
Planning Authority/ Planning Coordinator	PA/PC	The responsible entity that coordinates and integrates transmission Facilities and service plans, resource plans, and Protection Systems.
Reliability Coordinator	RC	The entity that is the highest level of authority who is responsible for the Reliable Operation of the BES, has the Wide Area view of the BES, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator’s vision.

Function Type	Acronym	Definition/Discussion
Reserve Sharing Group	RSG	A group whose members consist of two or more Balancing Authorities that collectively maintain, allocate, and supply operating reserves required for each Balancing Authority’s use in recovering from contingencies within the group. Scheduling energy from an Adjacent Balancing Authority to aid recovery need not constitute reserve sharing provided the transaction is ramped in over a period the supplying party could reasonably be expected to load generation in (e.g., ten minutes). If the transaction is ramped in quicker, (e.g., between zero and ten minutes), then, for the purposes of disturbance control performance, the areas become a Reserve Sharing Group.
Resource Planner	RP	The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific Loads (customer demand and energy requirements) within a Planning Authority area.
Transmission Owner	TO	The entity that owns and maintains transmission Facilities.
Transmission Operator	TOP	The entity responsible for the reliability of its local transmission system and operates or directs the operations of the transmission Facilities.
Transmission Planner	TP	The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk electric transmission systems within its portion of the Planning Authority area.
Transmission Service Provider	TSP	The entity that administers the transmission tariff and provides Transmission Service to Transmission Customers under applicable Transmission Service agreements.

III. Except as provided in Section V and the Notes to the Criteria below, entities identified in Section II above as being subject to Registration as a Distribution Provider should be included in the Compliance Registry for these functions only if they meet any of the criteria listed below:

~~III(a) Load Serving Entity:~~

~~III.a.1 Load Serving Entity peak Load is > 25 MW and is directly connected to the Bulk Power (>100 kV) System, or;~~

~~III.a.2 Load Serving Entity is designated as the responsible entity for Facilities that are part of a required UFLS program designed, installed, and operated for the protection of the BPS, or;~~

~~III.a.3 Load Serving Entity is designated as the responsible entity for Facilities that are part of a required Undervoltage Load Shedding (UVLS) program designed, installed, and operated for the protection of the BES.~~

~~{Exclusion: A Load Serving Entity will not be registered based on these criteria if responsibilities for compliance with approved NERC Reliability Standards or associated Requirements including reporting have been transferred by written agreement to another entity that has registered for the appropriate function for the transferred responsibilities, such as a Load Serving Entity, Balancing Authority, Transmission Operator, generation and transmission cooperative or joint action agency as described in Sections 501 and 507 of the NERC Rules of Procedure.}~~

~~III.a.4 Distribution Providers registered under the criteria in III.b.1 or III.b.2 will be registered as a Load Serving Entity (LSE) for all Load directly connected to their distribution facilities.~~

~~{Exclusion: A Distribution Provider will not be registered based on this criterion if responsibilities for compliance with approved NERC Reliability Standards or associated Requirements including reporting have been transferred by written agreement to another entity that has registered for the appropriate function for the transferred responsibilities, such as a Load Serving Entity, Balancing Authority, Transmission Operator, generation and transmission cooperative, or joint action agency as described in Sections 501 and 507 of the NERC Rules of Procedure.}~~

~~III(b)~~ III(a) Distribution Provider:

~~III.b.1~~ III.a.1 _____ Distribution Provider system serving >75 MW of peak Load that is directly connected to the BES;⁷ or

~~III.b.2~~ III.a.2 _____ Distribution Provider is the responsible entity that owns, controls, or operates Facilities that are part of any of the following Protection Systems or programs designed, installed, and operated for the protection of the BES:⁸

- a required Undervoltage Load Shedding (UVLS) program and/or
- a required Special Protection System or Remedial Action Scheme and/or
- a required transmission Protection System; or

III.b.a.3 Distribution Provider that is responsible for providing services related to Nuclear Plant Interface Requirements (NPIRs) pursuant to an executed agreement; or

III.b.a.4 Distribution Provider with field switching personnel identified as performing unique tasks associated with the Transmission Operator’s restoration plan that are outside of their normal tasks.

III(eb) Distribution Provider with UFLS-Only assets (referred to as “UFLS-Only Distribution Provider”)

⁷ Ownership, control or operation of UFLS Protection System(s) needed to implement a required UFLS Program designed for the protection of the BES does not affect an entity’s eligibility for registration pursuant to III.b.a.1.

⁸ As used in Section III.b.a.2, “protection of the Bulk Electric System” means protection to prevent instability, Cascading, or uncontrolled separation of the BES and not for local voltage issues (UVLS) or local line loading management (Special Protection System) that are demonstrated to be contained within a local area.

III.eb.1 UFLS-Only Distribution Provider does not meet any of the other registration criteria in Sections III(a)(1)-(4) for a Distribution Provider; and

III.eb.2 UFLS-Only Distribution Provider is the responsible entity that owns, controls, or operates UFLS Protection System(s) needed to implement a required UFLS Program designed for the protection of the BES.

The Reliability Standards applicable to UFLS-Only Distribution Providers are: (1) PRC-005,⁹ PRC-006-1, PRC-006-2 and (2) any regional Reliability Standard whose purpose is to develop or establish a UFLS Program [PRC-006-NPCC-1 and PRC-006-SERC-01]. Reliability Standards that apply to Distribution Providers will not apply to UFLS-Only Distribution Providers, unless explicitly stated in the applicability section of these Reliability Standards and in future revisions and/or versions.

IV. Joint Registration Organization, Coordinated Functional Registration and applicable Member Registration.

Pursuant to FERC's directive in paragraph 107 of Order No. 693, NERC's rules pertaining to joint Registrations and Joint Registration Organizations, as well as Coordinated Functional Registrations, are now found in Section 501, 507 and 508 of the NERC Rules of Procedure.

V. If NERC or a Regional Entity encounters an organization that is not listed in the Compliance Registry, but which should be subject to the Reliability Standards, NERC or the Regional Entity is obligated and will initiate actions to add that organization to the Compliance Registry, subject to that organization's right to challenge as provided in Section 500 of NERC's Rules of Procedure and as described in Note 3 below.

Notes to the Registry Criteria in Sections I-V

1. The above are general criteria only. The Regional Entity considering Registration of an organization not meeting (e.g., smaller in size than) the criteria may propose Registration of that organization if the Regional Entity believes and can reasonably demonstrate¹⁰ that the organization is a BES owner, or operates, or uses BES assets, and is material to the reliability of the BES. Similarly, the Regional Entity may exclude an organization that meets the criteria described above as a candidate for Registration if it believes and can reasonably demonstrate to NERC that the BES owner, operator, or user does not have a material impact on the reliability of the BES. Such decisions must be made in accordance with Section V of Appendix 5A to the NERC Rules of Procedure. In order to ensure a consistent approach to assessing materiality, a non-exclusive set of factors ("materiality test") for consideration is identified below; however, only a sub-set of these factors may be applicable to particular functional registration categories:

- a. Is the entity specifically identified in the emergency operation plans and/or restoration plans of an associated Reliability Coordinator, Balancing Authority, Generator Operator or Transmission Operator?

⁹ Four versions of PRC-005 are currently in various stages of Commission approval and standard development. For the period that each is in effect, PRC-005-2(ii), PRC-005-3(i), PRC-005-3(ii), PRC-005-4, PRC-005-5, and PRC-005-6 will apply to an entity included on the NCR as a UFLS-Only Distribution Provider during that period.

¹⁰ The reasonableness of any such demonstration will be subject to review and remand by NERC itself, or by any Applicable Governmental Authority, as applicable.

- b. Will intentional or inadvertent removal of an Element owned or operated by the entity, or a common mode failure of two Elements as identified in the Reliability Standards (for example, loss of two Elements as a result of a breaker failure), lead to a reliability issue on another entity's system (such as a neighboring entity's Element exceeding an applicable rating, or loss of non-consequential load due to a single contingency). Conversely, will such contingencies on a neighboring entity's system result in Reliability Standards issues on the system of the entity in question?
 - c. Can the normal operation, misoperation or malicious use of the entity's cyber assets cause a detrimental impact (e.g., by limiting the operational alternatives) on the operational reliability of an associated Balancing Authority, Generator Operator or Transmission Operator?
 - d. Can the normal operation, Misoperation or malicious use of the entity's Protection Systems (including UFLS, UVLS, Special Protection System, Remedial Action Schemes and other Protection Systems protecting BES Facilities) cause an adverse impact on the operational reliability of any associated Balancing Authority, Generator Operator or Transmission Operator, or the automatic load shedding programs of a PC or TP (UFLS, UVLS)?
2. An organization not identified using the criteria, but wishing to be registered, may request that it be registered. For further information refer to: NERC Rules of Procedure, Section 500 – Organization Registration and Certification; Part 1.3.
3. An organization may challenge its Registration within the Compliance Registry. NERC or the Regional Entity will provide the organization with all information necessary to timely challenge that determination including notice of the deadline for contesting the determination and the relevant procedures to be followed as described in the NERC Rules of Procedure; Section 500 – Organization Registration and Certification.
4. If an entity is part of a class of entities excluded based on any of the criteria above as individually being unlikely to have a material impact on the reliability of the BES, but that in aggregate have been demonstrated to have such an impact it may be registered for applicable Reliability Standards and Requirements irrespective of other considerations, in accordance with laws, regulations and orders of an Applicable Governmental Authority.
5. NERC may limit the compliance obligations of a given entity registered for a particular function or similarly situated class of entities, as warranted based on the particular facts and circumstances, to a sub-set list of Reliability Standards (which may specify Requirements/sub-Requirements).

EXHIBIT C

Consideration of Comments

Comments on Proposed NERC ROP Changes Risk Based Registration (RBR)



The following ACES Members sign on to these comments: Old Dominion Electric Cooperative, East Kentucky Power Cooperative, Hoosier Energy Rural Electric Cooperative, Southern Illinois Power Cooperative, North Carolina Electric Membership Cooperative, Southern Maryland Electric Cooperative, Central Iowa Power Cooperative, Sunflower Electric Power Corporation, Brazos Electric Power Cooperative, and Prairie Power, Inc.

We appreciate NERC's efforts in revising the Rules of Procedure (ROP) to reflect the deactivation of the Load-Serving Entity (LSE). We support these ROP changes and believe reliability of the Bulk Power System would not be impacted by the retirement of the LSE. Our members, which are all registered as LSEs, agree that reliability information would continue to be provided to Reliability Coordinators and Balancing Authorities regardless of NERC requirements due to existing obligations through tariffs and contracts. It should be noted that reliability information, such as load data, could also be provided by Distribution Providers or Balancing Authorities under their existing functional roles and responsibilities.

Thank you for the opportunity to comment.

Duke Energy Comments for Proposed Revisions to NERC Rules of Procedure – Risk Based Registration Initiative Filing 4/13/2015 Posting (due date 5/28/2015)

General comment: Duke Energy does not support the removal of references to “Load-Serving Entities” in Section 302, Appendix 5A or Appendix 5B. Although this removal is consistent with NERC’s 12/11/14 petition, FERC did not approve the elimination of the LSE function in its 3/19/15 order. The removal of LSE references is premature.

NERC ROP Section 302

No comments.

NERC ROP Appendix 5A

Duke Energy suggests the following revision:

Throughout the document, NERC should consider referring to the NERC Compliance Registry identification number as “NCR ID” instead of “NERC ID”, since each Registered Entity identification number begins with NCR in the NERC Compliance Registry. For example in Section I, Page 2, under “Roles and Responsibilities – NERC, item 2, NERC uses NERC ID then turns around in same section, item 5 and has “NCR” for the NERC Compliance Registry. See items 2 and 5 below:

2. Manage each entity’s NERC Compliance Registry identification number (NCR ID) including:
 - a. Sending a Registration or Certification letter that contains the NCR ID to the applicable Regional Entity(ies) for review and approval. If the Regional Entity(ies) agrees with all the information provided, it will notify NERC to issue the NCR ID to the Registered Entity and will send a copy of the notification being provided to the Regional Entity(ies).
 - b. Ensuring each Registered Entity has only one NCR ID for all Regional Entities in which registered.
5. Maintain published up-to-date list of Registered Entities (i.e. the NERC Compliance Registry (NCR)) on the NERC website. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.

Other places in the document where NERC ID is used are on pages 5, 6, and in the “Definitions” section on page 26. Also, suggest that the definition be changed to the following:

“NERC Compliance Registry Identification Number” or “NCR ID” means a number given to NERC Registered Entities, that is located in the NERC Compliance Registry, that will be used to identify the entity for certain NERC activities. Corporate entities may have multiple NCR IDs to show different corporate involvement in NERC activities.

NERC ROP Appendix 5B

Duke Energy suggests the following revision to the third paragraph on page 9.

The Reliability Standards applicable to UFLS-Only Distribution Providers are: (1) PRC-005, PRC- 006, and (2) any regional Reliability Standard whose purpose is to develop or establish a UFLS Program. Reliability Standards that apply to Distribution Providers will not apply to UFLS-Only Distribution Providers, unless explicitly stated in the applicability section.

The suggestion by Duke Energy to remove the version of PRC-006 and the region standards is meant to reduce un-necessary updates to the Rules of Procedure documents.

From: [Thomas E Foltz](#)
To: [ROPComments](#)
Subject: AEP Comments Regarding Proposed Revisions to NERC Rules of Procedure (Sections 302.1 and Appendices 5A & 5B)
Date: Wednesday, May 20, 2015 8:32:43 AM

American Electric Power (AEP) appreciates the opportunity to provide input to the proposed draft revisions to the NERC Rules of Procedure (Sections 302.1 and Appendices 5A & 5B). AEP agrees with the recommendation to remove Load Serving Entity from the approved list of NERC Functional Entities, and is supportive overall of the approach taken in the proposed revisions to the NERC Rules of Procedure.

Respectfully,

Thomas Foltz, PE (State of Ohio)
Reliability Standards Compliance
(614) 716-5849

From: [Smith, Mike J.](#)
To: [ROPComments](#)
Subject: RBR Compliance Filing (April-May 2015)
Date: Thursday, May 21, 2015 2:48:04 PM

Hello NERC,

Below are comment submissions for Manitoba Hydro related to the proposed revisions to the NERC Rules of Procedure.

Notice of Proposed Revisions to NERC Rules of Procedure and Request for Comments Sections 302.1 and Appendices 5A & 5B

- No comments

Notice of Proposed Revisions to NERC Rules of Procedure and Request for Comments Sections 400 and Appendices 2, and 4C

- No comments

Thanks,

Mike

Mike Smith, M.Sc., P.Eng.

Reliability Compliance & Performance Engineer
Reliability Compliance Department
Transmission System Operations, Manitoba Hydro
Tel: 204-360-5332 Email: mjsmith@hydro.mb.ca

Comments from OEV LLC/OPSI
Modifications to NERC’s Rules of Procedure Related to Risk-Based Registration
5/26/2015

Occidental Power Services, Inc. (“OPSI”) fully supports the modifications to NERC’s Rules of Procedure that would eliminate the Load-Serving Entity as a reliability function. As a registered LSE in the TRE Region, we agree that the tasks performed by LSEs primarily serve a commercial purpose – and that there are other mandatory mechanisms that ensure that any ancillary reliability tasks are performed as well.

However, we understand FERC’s concerns outlined in Docket RR15-4-000 that there may be unintended reliability consequences to this seemingly dramatic step. As such, OPSI would like to provide our observations regarding the five specific items that the Commission identified in the docket – and hope they will prove useful in the construction of NERC’s response.

1. P38: Fourteen LSEs are not registered with NERC in any other capacity, and it is not clear who would pick up their reliability tasks.

OPSI is solely registered as a LSE (Entity B)(with the deactivation of the PSE function), so FERC’s concern directly applies. We have constructed the matrix below capturing the active NERC requirements owned by the LSE and our assessment on how they would be addressed after the function is retired:

BAL-005-0.2b	The LSE must ensure that their loads are included within the metered boundaries of a BA Area.	Enforced by ERCOT Protocols Section 10 “Metering”.
CIP-002-3 thru CIP-009-3	The LSE with Critical Cyber Assets must have a robust cyber security program in place.	ERCOT’s “Data Transport Guide” supplements NAESB’s enforceable cyber security standards.
EOP-002-3.1	A deficient Load-Serving Entity shall request its RC to initiate an Energy Emergency Alert.	N/A. OPSI only supports Demand Side Management.
FAC-002-1	An LSE seeking to integrate end-user facilities shall cooperate on its assessments with its TP and PC.	All Controllable Load Resources must be registered with ERCOT – which includes planning studies for newly contracted facilities.
INT-011-1	Each LSE that uses Point to Point Transmission Service for intra-BA transfers shall submit a Request for Interchange.	N/A. OPSI only supports Demand Side Management.
IRO-001-1.1	LSEs shall comply with Reliability Coordinator directives.	Enforced by ERCOT Protocols Section 6 “Adjustment Period and Real-Time Operations”.
IRO-005-3.1a	LSEs shall always operate the BES to the most limiting parameter.	
IRO-010-1a	Each LSE shall provide data and information, as specified, to the RC.	Enforced by ERCOT Protocols Section 3

MOD-004-1	LSEs will account for CBM for imports into a Balancing Authority Area.	"Management Activities for the ERCOT System".
MOD-017-0.1 thru MOD-032-1	LSEs will provide forecasts and actual data needed to support planning and operational assessments.	
NUC-001-2.1	LSE support for Nuclear Facilities.	N/A to OPSI.
PRC-010-0 and PRC-022-1	LSEs will support a UVLS program as applicable	N/A to OPSI.
TOP-001-1a	LSEs shall comply with Transmission Operator directives. (ERCOT owns this requirement under a JRO with all TOPs in TRE.)	Enforced by ERCOT Protocols Section 6 "Adjustment Period and Real-Time Operations".
TOP-002-2.1b	LSEs will coordinate operations with the BA and TSP. (ERCOT owns this requirement under a JRO with all TOPs in TRE.)	Enforced by ERCOT Protocols Section 3 "Management Activities for the ERCOT System".

2. 100+ low-capacity Distribution Providers will be deactivated as part of the Risk-Based Registration effort. This will add to the list of 14 solely-registered LSEs whose transition of reliability tasks must be assessed in detail.

Not applicable. OPSI is registered only as an LSE (with the deactivation of the PSE function).

3. The cumulative effect of LSE de-registrations may be skewed towards particular planners or Balancing Authorities – who may find that their ability to acquire load data needed for system simulations is greatly impaired.

OPSI is obliged as an ERCOT-registered Qualified Scheduling Entity (QSE) to adhere to various ISO protocols. In particular, ERCOT Protocols Section 3 "Management Activities for the ERCOT System" describes data that the QSE must provide on behalf of Controllable Load Resources that they represent.

4. LSE tasks identified as commercial functions governed by NAESB rules may not maintain the reliability intent of the NERC requirements.

OPSI is obliged as an ERCOT-registered Qualified Scheduling Entity (QSE) to adhere to binding documents outside of the protocols. In particular, ERCOT's "Data Transport Guide" supplements NAESB's cyber security standards – which are extremely thorough.

5. Similar justification must be provided for standards presently being updated (EOP-011-1, PRC-010-1, PRC-022-2), where LSE applicability will be removed.

These standards are not applicable to OPSI.

From: [TRSG Standards Coordination](#)
To: [ROPComments](#)
Cc: [TRSG Standards Coordination](#)
Subject: RBR Compliance Filing (April-May 2015)
Date: Wednesday, May 27, 2015 6:39:23 PM
Attachments: [image001.png](#)

BPA believes the proposed changes to the ROP are premature. FERC hasn't yet approved the removal of the LSE function, and this is not the correct time to re-write the rules. BPA shares some of the concerns FERC raised in its order denying the removal of the LSE function, and would like to see those concerns answered before approving the removal of this functional entity from the ROP.

Andrea Jessup

David Evans and Associates, Inc.

Operations Analyst
Transmission Reliability Standards Group
Bonneville Power Administration
Office: 360-418-8793
aejessup@bpa.gov



Instructions for specific comments on the text of the document:

- Provide a page number.
- Provide a description (or explanation) of the Section where comments are applicable.
- Provide a comment related to proposed wording (or other) change in the proposed change column.

General Comment:

Rules of Procedure: Sections 302.1 Specific Comments:

Page Number	Section	Comment	Proposed Change
7	305 (3.1) Multiple Segments	Dominion suggest striking Load-Serving Entites from the example	(e.g., Transmission Owners and Load-Serving Entities)
81	1106 (1) NERC and Regional Entity Billing and Collections	Dominion suggest striking since Load-Serving Entities is proposed for deletion from the the Glossary, the term should not be capitalized.	load serving entities and load serving entity
81	1106 (2) NERC and Regional Entity Billing and Collections	Dominion suggest striking sinc Load-Serving Entities is proposed for deletion from the the Glossary, the term should not be capitalized.	load serving entities
81	1106 (5) NERC and Regional Entity Billing and Collections	Dominion suggest striking sinc Load-Serving Entities is proposed for deletion from the the Glossary, the term should not be capitalized.	load serving entities
82	1106 (5) NERC and Regional Entity Billing and Collections	Dominion suggest striking sinc Load-Serving Entities is proposed for deletion from the the Glossary, the term should not be capitalized.	load serving entity
85	1208 (2) Process for Considering Registered Entity Requests to Transfer to Another Regional Entity	Dominion suggest striking sinc Load-Serving Entities is proposed for deletion from the the Glossary, the term should not be capitalized.	load serving entities

Rules of Procedure: Appendix 5A Specific Comments:

Page Number	Section	Comment	Proposed Change

Rules of Procedure: Appendix 5B Specific Comments:

Page Number	Section	Comment	Proposed Change

From: [Hubbard, Randall](#)
To: [ROPCComments](#)
Cc: [Hubbard, Randall](#)
Subject: RBR Compliance Filing (April-May 2015)
Date: Thursday, May 28, 2015 1:13:22 PM
Attachments: [image001.png](#)
[image002.png](#)

Southern Company Comments:

- In the paragraph under Section III.b.2 in Appendix 5B – Statement of Compliance Registry Criteria (Revision 5.2), NERC Standard PRC-005 is referenced without any revision suffix, whereas Standard PRC-006 is referenced with revision suffixes. I suggest, for consistency, that the references be made consistent.

Please let me know if you have any questions.

Thanks,

Randall M. Hubbard

Randall M. Hubbard
Reliability Standards Compliance Assurance Coordinator
SCS Operations Compliance

Office: 205-257-1374 | Mobile: 205-789-7966 | Fax: 205-257-5795
Email: rhubbard@southernco.com

600 North 18th Street | BIN 16N-8289
Birmingham, Alabama 35203

From: [Pusztai, Andrew](#)
To: [ROPComments](#)
Cc: [Johnson, Douglas F.](#); [Price, Lauren](#)
Subject: ATC Comments - RBR Compliance Filing (April-May 2015)
Date: Thursday, May 28, 2015 2:56:59 PM

ATC thanks NERC for the opportunity to submit comments on the subject NERC Proposed revisions to the Rules of Procedure (ROPS) regarding the subject Risk-based Registration (RBR) Compliance Filing. Some reflect enhancements to the proposed changes, while others are made to clean up the ROPs with the proposed changes going into effect. I am not including as markups on a redline, just identifying the concerns or recommended changes below that ATC believes should be addressed.

NERC Rules of Procedure

Section 302.1 Applicability - Footnote #1 refers to the functional classes in the NERC Functional Model. NERC Staff may want to review the NERC Reliability Functional Model to see whether deleting LSEs in the ROPs will drive an update to the Functional Model.

Section 305, Item 3.1 - Multiple Segments (in RBB) still references “Load –Serving Entities” which needs to be deleted as one of the examples of entities in more than one segment.

Section 500 , Item 1.4 – I would expect that the Rules should address entities that are UFLS-Only Distribution Providers in this section since it is part of the risk-based Registration process . Recommend to add a paragraph addressing their registration requirements.

NERC Rules of Procedure, Appendix 5A, Organization Registration and Certification Manual

Section I – To Whom Does This Apply? Includes a table that lists the Function Types, however, does not reference the *UFLS-Only Distribution Providers*. I recommend that this be updated to list “UFLS-Only DP” as a function type or provide a footnote next to DP to address them.

Section II – Organization Registration Entities Required to Register Includes a bulletized list of Function Types, however, does not include the *UFLS-Only Distribution Providers*. I recommend that this be updated to reflect “UFLS-Only DP” function type or provide a footnote next to DP to address them.

Another consideration:

*Please note that since LSEs are being deleted from the list of functional classes, **ROP Appendix 2 Definitions Used in the ROPs**, needs to be updated by deleting the Definition of LSE.*

If any questions, please contact me.

Sincerely,

Andy Pusztai
American Transmission Company
Reliability Policy and Standards Consultant
Work: (262) 506-6913
Cell: (262) 424-4332

via e-mail to ROPcomments@nerc.net

**COMMENTS OF TRANSMISSION ACCESS POLICY STUDY GROUP ON APRIL 13,
2015 POSTING OF PROPOSED REVISIONS TO NERC RULES OF PROCEDURE –
RISK-BASED REGISTRATION INITIATIVE COMPLIANCE FILING**

TAPS appreciates the opportunity to comment on NERC's proposed revisions to its Rules of Procedure to comply with, and respond to, FERC's March 19, 2015 order on NERC's RBR filing. We support the changes proposed to comply with the FERC Order, as well as the removal of the LSE function, which FERC previously denied without prejudice to NERC's re-filing with more extensive evidentiary support. We understand NERC intends to do so as part of its compliance filing.

EXHIBIT D

Analysis Supporting Removal of Load-Serving Entities from the NERC Compliance Registry:

Appendix A

Load-Serving Entity Changes after December 2014 Risk-Based Registration Filing

Appendix B

Balancing Authority Projected Load Impact

Appendix C

Other Registered Entity Applicability for Load-Serving Entity NERC Reliability Standard
Requirements

Appendix D

Load-Serving Entity Applicable Standard Requirements Mapping Document

Appendix E

Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Analysis Supporting Removal of Load-Serving Entities from the NERC Compliance Registry

Background¹

In accordance with the Federal Energy Regulatory Commission's (FERC or the Commission) March 19 Order,² the North American Electric Reliability Corporation (NERC) is providing information supporting its proposal to eliminate the Load-Serving Entity (LSE) functional registration category from the NERC Compliance Registry (NCR).

In its filing, NERC proposed to eliminate the LSE as a functional registration category. In its March 19 Order, the Commission agreed that it is appropriate to register the right set of entities for the right set of Reliability Standards using a common approach to risk assessment and registration. The Commission found that NERC's overall goal of ensuring entities are registered and subject to compliance with the Reliability Standards, based on the risk they pose to reliability, was reasonable. The Commission further held that many of the proposed revisions promoted this goal and were justified.³

The Commission determined that additional information was necessary before it could rule on the merits of the proposal to remove LSE from the NCR. Specifically, the Commission requested additional information regarding how:

1. the deactivation of certain Distribution Providers (DPs) affects NERC's estimate regarding the number of LSEs that would be deregistered;⁴ (See Appendix A)
2. Balancing Authorities (BAs) and Reliability Coordinators (RCs) will continue to receive necessary load information for balancing and forecasting purposes upon elimination of the LSE functional registration category from the NCR;
3. continuity of responsibility under Reliability Standards applicable to LSEs will be ensured; (See Appendix C) and
4. deactivating LSEs will affect reliability over time in areas facing significant load growth. (See Appendix B)

LSEs provide a commercial rather than a reliability function. NERC maintains that there is little to no risk to bulk power system (BPS) reliability posed by the removal of the LSE functional registration category, given the limited amount (in megawatts (MW)) of load affected by the potential pool of deregistered LSEs and

¹ NERC incorporates by reference the LSE background and support set forth in the Risk-Based Registration Technical and Risk Considerations report, Appendix A: Mapping Document (December, 2014).

² *North American Electric Reliability Corp.*, Order on Electric Reliability Organization Risk Based Registration Initiative and Requiring Compliance Filing, 150 FERC ¶ 61,213 (2015) (March 19 Order).

³ *Id.* at P 2.

⁴ These are DPs that meet the MW criterion of peak load and that would not be eligible for registration under any other DP registration criteria.

the existing set of agreements. If removed from the NCR, the role of an LSE continues to exist in applicable market rules, tariffs, and agreements that continue to impose a data reporting obligation and load shedding on such entities. Furthermore, LSEs remain responsible for funding obligations to NERC and Regional Entity (RE) based on net energy for load allocation, which has never been tied to an entity's inclusion on the NCR.

Notably, out of the 461 LSE entities on the NCR today, 419 LSE entities will remain subject to 72 NERC Reliability Standard requirements⁵ applicable to both of those functions because they are also registered as other functions. Of the remaining 41 LSE/DP entities, only one has requested deactivation as a DP and another entity is transferring those LSE/DP responsibilities to their parent company who is also registered as a LSE/DP. Meaning, as of this filing 446 LSE entities will remain on the NCR, including 27 entities that are both LSE and DP. Therefore, to the extent that an entity formerly registered as an LSE continues to be a user, owner or operator of the BPS, they remain on the NCR and subject to applicable NERC Reliability Standards.

Executive Summary

NERC's analysis, as set forth below, supports NERC's proposal to eliminate the LSE functional registration category from the NCR. The supplemental information was developed with input from NERC, the REs and other Bulk Electric System (BES) stakeholders, including certain entities registered as LSEs, RCs and BAs.

Based on its review and analysis of the supplemental information, NERC staff reaffirms its determination that there is little to no risk to reliability if the LSE functional registration category is removed from the NCR for four reasons.⁶ First, the roles and responsibilities of LSEs to secure energy and capacity for end use customers are commercial tasks. LSEs do not own or operate facilities. Any instructions given to an LSE is passed along to the entity operating the facilities. Second, the proposed removal of these LSEs from the NCR affects a small percentage of load in the respective BAs of the identified LSEs. Third, while removing LSEs from the NCR potentially relieves 41 entities of NERC compliance obligations, such entities are still subject to their data reporting obligation pursuant to market rules, tariffs or other contractual arrangements. Fourth, the historically low number of violations attributed to LSEs.

To the extent that the entity is material to the reliability of the BES, it will remain on the NCR and subject to applicable NERC Reliability Standards. Notably, the majority of the NERC Reliability Standard requirements pertaining to LSEs, also apply to other functional registration categories, thereby ensuring that any perceived reliability tasks performed to date by an entity in an LSE role are adequately covered. Of the 461 LSE entities on the NCR, 419 remain subject to the LSE NERC Reliability Standards, except the INT-011 reliability standard. Out of those 419 LSE entities, 382 LSE entities are also registered as DPs. Therefore, the majority of the entities potentially eligible for deactivation as a LSE will continue to perform the tasks under NERC Reliability Standards for other functions that are needed for reliable operation of the BPS. For example, the MOD Reliability Standards (including MOD-16 through -19 and -21 which will be replaced by MOD-31), apply to Planning Authorities, Planning Coordinators, Transmission Planners, BAs, Resource Planners (RPs) and DPs. All but 13 of the 419 LSE entities referenced above are included in one or more of these categories. MOD-032 applies to BAs, Generator Owners (GOs), RPs, Transmission Owners (TOs) and

⁵ These 72 requirements exclude the CIP Version 3 Standards as the LSE function has been removed from CIP Version 5.

⁶ See NERC RBR Petition at 19 (Dec. 11, 2014).

Transmission Planners. Of these 13 LSEs, nine are registered for one or more of these functions. (See Appendix D)

Based on information received to date, NERC has determined that, of the 41 entities potentially eligible for deregistration as an LSE, all are either subject to applicable market rules, tariffs, and agreements. These agreements are identified below.

In the March 19 Order, FERC stated that it was “persuaded by NERC that this provision is commercial in nature and has minimal reliability implications.”⁷ Following FERC’s March 19 Order, the North American Energy Standards Board (NAESB) reviewed all of the NERC Reliability Standards applicable to LSEs. NAESB determined that it will initiate a commercial standard to address commercial issues associated with INT-011. This action should address any commercial gaps that could arise from the retirement of INT-011.

NERC’s proposal to remove LSEs as a functional registration category does not change the membership sectors set forth in the NERC Bylaws.⁸ In addition, NERC’s decision does not alter the collection of net energy for load allocations from LSEs. According to the NERC Bylaws, “[t]he annual funding mechanism shall consist of such assessments as determined by the board that result in an equitable allocation of the Corporation’s funding requirement among end users of the North American electric utility system as established in the Corporation’s Rules of Procedure.”⁹ Under the NERC Rules of Procedure Section 1106 and Appendix 5B, LSEs are responsible for funding obligations with respect to the NERC and RE net energy for load allocation, regardless of whether they are included in the NCR.

Key highlights of the supplemental information, requested by the Commission are as follows.

- Out of the 461 registered LSEs, 419 will remain registered as another user, owner, or operator of the BPS functional category, leaving 41 potential deregistration candidates (See Appendix A)
- Out of the 419 entities registered as an LSE that will remain on the NCR, 382 will remain registered as a DP. As shown in the attached mapping document (See Appendix D), of the 72 NERC Reliability Standard requirements applicable to LSEs, 57 are also applicable to DPs.
- Of the 38 LSE entities not also registered as a DP, all but eight are registered as either a BA, Generator Operator (GOP) or Transmission Operator (TOP). Of the remaining eight LSE entities, seven are registered as either a GO, TO or an RP, and they are dispersed through three separate RE footprints. One entity is registered only as an LSE, however it is in the process of deregistration due to no longer performing the function in the Region it is registered.
- After considering upcoming NERC Reliability Standards projects proposing to eliminate LSE as an applicable function, there are only five NERC Reliability Standards that will require additional steps after approval of the removal of LSEs from the NCR. One of these NERC Reliability Standard requirements is being addressed through coordination with NAESB. The remaining four will require Standard Authorization Requests (SARs) and may be dealt with through NERC’s Standard periodic review in order to remove the LSE as an applicable function.

⁷ March 19 Order at P 42.

⁸ Bylaws of the North American Electric Reliability Corporation at Article II, Section 4 {“NERC Bylaws”}.

⁹ NERC Bylaws at Article XIII, Section 3. The funding obligations are set forth in the NERC Rules of Procedure Section 1106 and Appendix 5B.

- In the Risk-Based Registration (RBR) Petition, NERC noted that 14 entities would be deregistered as LSEs. As a result of the DP peak load in MW criterion and current Rules of Procedure (ROP), there are 12 entities that will be deregistered as an LSE and an additional 27 entities that are eligible to be deregistered, bringing the total to 41 entities. The additional 27 entities are currently registered as DP and LSE. As of this filing, of the 27, only one of these entities have requested deactivation as a DP. This would result in only 13 LSE entities that will be deregistered for certain.
 - Of the 41 entities potentially eligible for deregistration, 29 entities are 75 MW and below.
 - Five entities are between 150 MW and 200 MW
 - Three entities are between 200 MW and 260 MW
 - One entity is approximately 350 MW
 - which is in the ERCOT market
 - One entity is 500 MW
 - which is a power agency formed by 10 municipal electric utilities
 - One entity is 675 MW
 - which is in the ERCOT market
 - One entity is approximately 2160 MW
 - which has transferred these duties to their parent company who will remain registered as a DP and has not been included in the BA load data.
- The 41 LSE entities eligible for potential deregistration are located within 10 different BA Areas.¹⁰ These entities represent between 0.3% and 3.39% of their BA Areas peak load.(appendix B)
- There is no concentration of these deregistered entities in any RE footprint, other than TRE. Of the 41 LSE entities, 18 are in TRE.
- ERCOT market rules and protocols provide a mechanism for receiving load data. NERC provides descriptions of approved tariffs with specific provisions regarding obtaining load or metering information and load shedding obligations.
- NERC reviewed the total internal demand for ERO-Enterprise wide assessment areas for the last three years to extrapolate the likely load projection for the next five years. The largest load growth projection through reliability assessments is at 7% projected in one RE footprint, that same footprint only has a total of 192 MW eligible to be removed from NCR representing 0.17% of total load. (See Appendix B)
- For MOD-031, 13 of 419 LSE entities will not be subject to compliance with this Reliability Standard after removal of the LSE function, as they are not registered as one of the applicable functions of the Reliability Standard. These entities are equally dispersed among the REs as follows; five in Texas Reliability Entity (TRE), three in SERC Reliability Corporation (SERC), two in Midwest

¹⁰ The BA Areas are CAISO, Duke Energy Carolinas, ERCOT, LG&E and KU, MISO, NYISO, PacifiCorp, PJM Interconnection, LLC, Public Service Company of New Mexico and Southwest Power Pool.

Reliability Organization (MRO), two in ReliabilityFirst (RF), and one each in Southwest Power Pool Regional Entity (SPP RE) and Northeast Power Coordinating Council (NPCC).

Based on the information received and reviewed to date, NERC determined that no gaps remain in reliability tasks; therefore no alternative means are necessary.

For these and other reasons explained below, NERC believes that the LSE is a commercial function and is not needed for reliability tasks. For tasks that are needed they will continue to be performed by the right entities, and NERC respectfully requests that FERC approve elimination of the LSEs as a functional registration category from the NCR.

Discussion

Below outlines the process to support the analysis used by NERC to obtain the aforementioned information.

Method

In response to the March 19 Order, NERC issued surveys to REs, BAs, RCs, and entities that could be eligible for deregistration as a result of the proposed elimination of the LSE functional registration category. Such possible eligible entities included those who are, or were, registered as follows: LSE-only, formerly LSEs and PSEs, and LSEs and DPs meeting the revised thresholds (DP system serving >75 MW of peak Load that is directly connected to the BES).¹¹

The surveys requested information on how:

1. the deactivation of certain DPs affects NERC's estimate regarding the number of LSEs that would be deregistered;¹²
2. BAs and RCs will continue to receive necessary load information for balancing and forecasting purposes upon elimination of the LSE functional registration category from the NCR;
3. continuity of responsibility under Reliability Standards applicable to LSEs would be ensured; and
4. deactivating LSEs would affect reliability over time in areas facing significant load growth.

In support of the effort, NERC requested REs review the registration information in their respective footprints regarding all LSE entities that could be eligible for deregistration as a result of the RBR initiative. All eight REs responded to the request. As set forth below, they confirmed the loads of these entities and also verified if DP entities meeting the peak MW criterion would remain registered as a result of application of other DP registration criteria (e.g., if they had any transmission protection systems, UFLS, UVLS, etc.). The REs also confirmed the list of potential entities that could be eligible for deregistration. Specifically, the REs confirmed that there are 41 entities eligible for deregistration, as discussed in more detail below. This number includes the 14 entities included in NERC's RBR Petition. There are nine entities registered as LSE only, four entities registered as LSE and PSE and 28 entities registered as LSE and DPs.

¹¹ The DP 75 MW criterion is set forth in Appendix 5B to the NERC Rules of Procedure.

¹² These are DPs that meet the MW criterion of peak load and who would not be eligible for registration under other DP registration criteria.

In the surveys sent to 18 BAs and RCs¹³ that NERC had identified as having LSE entities potentially eligible for deregistration, NERC requested that these BAs and RCs review the list of potential LSE entities and the impact on the BA's or RC's ability to receive metered information. The BAs and RCs also were asked to analyze whether deregistration of the potentially eligible entities would adversely affect their ability to receive such real-time and forecasted load condition data from these same LSE entities or other entities through other contractual arrangements. All 18 BAs and RCs responded to the NERC survey. Only two entities responded that they do not have contractual obligations with the LSE in question, Bonneville Power Administration (BPA) and Duke Energy Carolina (Duke). However, BPA no longer has entities eligible for deregistration in their footprint and we have attached the agreements that Duke has with their LSEs which specify load data sharing and forecasting obligations. In addition, VACAR, the RC for Duke responded that they will continue to receive data from their BAs. Of note; VACAR shares a control room with Duke.

With respect to registered entities that were identified by NERC and the REs as potentially eligible for removal from the NCR as a result of RBR, NERC staff requested that these registered entities provide confirmation of existing contractual obligations or other processes in place through which BAs and RCs would receive load data. Furthermore, NERC staff asked them if deregistration of their LSE functional registration would change their current processes for providing needed information. These entities were also asked if they had any intra-BA transfers that would require compliance with INT-011. All LSE responded that they will continue to provide load data and load forecasting to their BA. In addition, the LSEs responded that their loads are metered and this information is fed to their BAs in real time. Of the 41 entities potentially eligible for deregistration, zero entities have applicable compliance requirements under INT-011. The 41 entities potentially eligible for deregistration are located in 10 BAs. NERC has reviewed contractual agreements of these LSEs and have confirmed that these agreements contain sufficient load data, load forecasting, and load shedding provisions.

NERC staff also independently reviewed potential underlying "alternative sources of authority, such as responsibilities of entities that will remain on the NCR to cover the LSE tasks, tariff provisions or other agreements."¹⁴ Specifically, NERC staff reviewed: 1) open access transmission tariffs (OATTS); 2) power purchase agreements; 3) network integration transmission service agreements (NITSA); 4) operating agreements; 5) ERCOT protocols, market rules and the regulatory framework in Texas; 6) transmission planning data services agreements; and 7) reliability assurance agreements. These various mechanisms that are already in place further assure that BAs and RCs will be able to obtain needed information, in part as a result of these alternative sources of authority.

NERC staff revised its prior mapping document¹⁵ (See Appendix D) to identify other existing responsible entities that are obligated to provide such load data.¹⁶ Finally, NERC has identified the roles and

¹³ Nine BAs that have potentially eligible entities for deregistration. The 18 respondents were made up of BAs and RCs. The BA respondents were: BPA, CAISO, Duke Energy Carolinas, ERCOT, LG&E and KU, MISO, NYISO, PacifiCorp, PJM Interconnection, LLC, and Public Service Company of New Mexico. The RC respondents were: Avista Corporation, Duke Energy Progress, Northwestern, Peak Reliability, Southern Company, Southwest Power Pool, Tennessee Valley Authority, and VACAR South. After further analysis, NERC determined that the entities in the BPA, Avista Corporation, and Northwestern footprints that NERC identified as potentially eligible for deregistration under RBR would actually be deregistered under SLECA.

¹⁴ March 19 Order at P 38.

¹⁵ Risk-Based Registration Technical and Risk Considerations report, Appendix A: Mapping Document (December 2014).

¹⁶ See Attachments A and B hereto.

responsibilities of the entities who are potentially eligible for deregistration as an LSE but remain on the NCR. NERC addresses below how such entities will continue to provide the relevant load data information through their responsibilities as the other registered functions.¹⁷

Analysis

In its RBR Petition, NERC originally identified a total of 14 LSE-only entities that would be deregistered from the NCR upon elimination of this functional registration category. These 14 entities are located in the following REs:

Regional Entity	Number of LSE-only Entities Identified in NERC RBR Petition	Updated number of potentially deregistered entities
Texas Reliability Entity	6	18
SERC Reliability Corporation	3	7
Western Electricity Coordinating Council	2	7
Midwest Reliability Organization	1	1
ReliabilityFirst	1	1
Southwest Power Pool, RE	1	4
Northeast Power Coordinating Council	0	3
Total deregistered entities	14	41

In its March 19 Order, the Commission directed NERC to address how the deactivation of DPs would affect its estimate regarding the number of LSEs that would ultimately be deregistered.¹⁸ As a result of the increased peak MW criterion threshold for DP registration, 27 additional entities, formerly registered as DP/LSEs are now potentially eligible for deregistration. This brings the total number of potentially deregistered LSEs to 41.

For clarity and ease of reference, below explains how the proposal affects the entities currently registered as LSEs. Currently, there are 461 LSEs listed on the NCR, within the eight RE footprints. Of this number, 168 entities are registered as either LSE-only entities, formerly PSE/LSE/DP entities, or LSE/DP entities.¹⁹ Of these 168 entities, 123 entities are registered as LSEs/DPs falling below the MW criterion, but will remain registered under other DP criteria (UFLS/UVLS/etc.). In addition, five pending registration changes

¹⁷ *Id.* at P 37.

¹⁸ March 19 Order at P 39.

¹⁹ In the March 19 Order, the Commission approved removal of the Purchase-Selling Entity and Interchange Authority functions, as well as changes to the criteria for registration as a DP.

are unrelated to the RBR proposal—four are being deregistered as a result of the current ROP²⁰ and one entity’s LSE-reporting responsibilities are now being covered by its parent company. Based on information received to date, the remaining 41 entities are potentially eligible for deregistration from the NCR as a result of elimination of the LSE functional registration category and the application of the DP MW criterion. Information regarding their entities’ respective BA Areas and load is as follows:²¹

Balancing Area	Number of Entities	Aggregated, Individual Peak Load	Percentage of BA Area Load
ERCOT	18	2,238 MW	3.37
PacifiCorp	2	317 MW	2.56
California ISO	5	359 MW	0.80
Public Service Company of New Mexico	1	44 MW	1.70
Duke Energy Carolina	4	661 MW	3.39
LGE&KU	1	200 MW	2.76
New York ISO	3	113 MW	0.33
Midwest ISO	5	230 MW	0.19
PJM	1	178 MW	0.13

*One LSE is not included in this chart because their LSE/DP duties have been transferred to its parent company.

Balancing Authority and Reliability Coordinator Response Summary

NERC issued surveys to 18 entities registered as BAs and RCs with entities within their footprints that were identified as potentially eligible for deregistration due to removal of the LSE functional category and DP MW criterion confirm their abilities to continue to receive load data. NERC received responses from all 18 entities. Two are registered as RC only, nine are registered as BAs only, and seven are registered as BAs and RCs. NERC staff notes that BPA no longer has entities eligible for deregistration under the ROP RBR revisions because those eligible entities are separately being deregistered as a result of current ROP. A summary of the responses and analysis is as follows.

²⁰ 144 FERC ¶ 61,050 (2013).

²¹ In its March 19 Order, P40, the Commission directed NERC to address that “although the record indicates that the affected DPs represent approximately 0.7% share of total load, it is unknown whether there are higher concentrations within individual BA areas.”

- All BAs²² have contractual obligations requiring LSEs to provide modeling information.²³

All RCs responded that they would continue to receive load data if LSEs were no longer on the NCR. RCs receive their data from BAs and TOPs. BAs, TOPs, and RCs also receive real time data from metering. Therefore, because of the contractual obligations between BAs and LSEs, RCs and BAs will continue to receive load data, forecasting, and real time data. One BA, Duke, responded that they do not have contractual agreements that would require LSEs to provide real time load data. However, there are FERC approved tariffs on file that gives Duke the tools to collect this data per their Network Operating Agreement in sections 2.0 (b) and 6.0 (b). Duke also has the ability to amend this agreement to collect any operation data they deem necessary. Duke Energy Progress responded that they do have contractual agreements in place.

NERC Review of Tariff Provisions or other Agreements

In the March 19 Order, the Commission noted that for LSEs that are potentially eligible for deregistration, NERC must provide specific information regarding the alternative sources of authority which will ensure the continuation of LSE activities by either the deregistered entity or another registered entity.²⁴ The Commission requested specific information on existing mechanisms and the tasks to which they relate.

NERC identified a list of 41 potentially eligible candidates who could be deregistered if the LSE function is removed from the NCR and that meet the DP MW criterion. NERC focused on the LSE load reporting responsibility which is the specific task covered by NERC Reliability Standard requirements that apply to LSEs.²⁵

NERC evaluated whether the load data collected by LSEs would still be provided for under a contractual agreement or other market protocol. Out of the 41 entities identified by NERC, NERC has confirmed that all entities participate in an organized market that requires load data to be provided under a market participation agreement or a FERC-approved OATT. NERC continues to examine whether there is any additional or separate requirement to provide the needed information other than through the NERC Reliability Standards.

²² The 18 respondents were made up of BAs and RCs. The BA respondents were: BPA, CAISO, Duke Energy Carolinas, ERCOT, LG&E and KU, MISO, NYISO, PacifiCorp, PJM Interconnection, LLC, and Public Service Company of New Mexico. The RC respondents were: Avista Corporation, Duke Energy Progress, Northwestern, Peak Reliability, Southern Company, Southwest Power Pool, Tennessee Valley Authority, and VACAR South.

²³ Each of these contractual obligations are described in the section below on NERC's review of tariff provisions or other agreements.

²⁴ March 19 Order at P 41.

²⁵ NERC does not examine the role of LSEs in curtailment by TOPs and BAs for two reasons. First, with respect to the LSE's role as a provider of information to other functional entities, which was the Commission's focus in the RBR Order, that role is primarily carried out ahead of real-time and would not be the subject of an operating instruction. For instance, the LSE's submission of (1) load profiles and characteristics, plans, and forecasts, (2) generation commitments and dispatch schedules, and (3) information as to self-provided reliability related services to the BA occurs in advance of Real-time operations. The purpose of issuing operating instructions is to provide TOPs and BAs the authority to direct the actions of others so as to maintain reliable transmission operation in real-time. Second, an LSE's compliance with such requests is not necessary for the TOP or BA to maintain reliability in its area. TOPs and BAs have the ability to shed load absent agreement by the LSE or the end-use customer. Requiring an LSE to comply with an operating instruction to exercise its rights to curtail load is thus unnecessary to maintain reliability and prevent instability, uncontrolled separation, or cascading outages. If an LSE receives a request from a TOP or a BA to curtail load, the LSE may exercise its contractual rights to curtail or risk having its load shed by the RC, BA, TOP, and DP according to established load shedding procedures.

Below, NERC provides representative examples, other than NERC Reliability Standards, through which load data may be obtained from the LSE entities potentially eligible for deregistration.

Representative Examples of Market Rules, Agreements, and FERC-Approved Tariffs

Of the 41 entities potentially eligible for deregistration, 18 entities or 45%, are located in the ERCOT footprint. ERCOT market participants, including LSEs, are required to follow market rules which include providing load data. These market rules provide Texas with predictable and well-designed rules to help foster a stable electricity market. These rules are developed by participants from across the electricity industry and reviewed by the Public Utility Commission of Texas (PUCT). Moreover there are Transmission/Distribution Service Providers (TDSPs), which provide the transmission infrastructure and help ERCOT to manage system reliability.

ERCOT market rules and protocols provide a mechanism to receive needed information. These are enforceable by the PUCT. The PUCT may fine a market participant up to \$25,000 per violation for not following a given market rule. Specifically, under PUCT Rules (Sections 25.503 and 25.8), “[a] market participant shall comply with ERCOT procedures and any official interpretation of the Protocols issued by ERCOT or the commission” or “face a fine up to \$25,000 per violation.” These protocols ensure ERCOT would receive load data if it is requested.

For the remaining 23 entities, examples of existing agreements and FERC-approved tariffs are provided for information:²⁶

- In Public Service Company of New Mexico, mechanisms exist to receive necessary information. The Public Service Company of New Mexico’s tariff (Section 31.6 of Annual Load and Resource Information Updates) requires that load data must be provided to Transmission Operators.
- California ISO, MISO and PJM have FERC-approved tariffs with specific provisions for obtaining load or metering information. The California ISO meters its LSEs as “metered subsystems” which allows for direct visibility into a BA Area’s load. This metered data is used for forecasting.
- The New York ISO and MISO also have provisions in their respective tariffs that require load data to be provided. Specifically, the NYISO tariff provides under section 4.2.1 (*Day-Ahead Load Forecasts, Bids and Bilateral Schedules*) that load data must be provided. Furthermore, section 4.2.2 requires the ISO to establish a statewide load forecast, and load is also communicated under section 4.2.5 (*Post the Day-Ahead Schedule*). Section 38.9.1(A) of the MISO tariff (*Disclosure of Certain Confidential Market Participant Data*) provides that load data must be provided to Transmission Operators and BAs.

LSE continuity of responsibility under the NERC Reliability Standards

After reviewing the mapping of each compliance responsibility to another registered function, NERC continues to find that removal of the LSE function would pose little to no risk to BPS reliability. As noted above, of the 461 LSEs, 419 are registered as other functions and will remain on the NERC NCR. As to the

²⁶ For four of the remaining seven entities, deregistration is occurring due to FERC’s SLECA decision. The remaining entities represent only 3.39 percent of the BA Area’s total load.

419 entities, NERC has evaluated their ongoing responsibilities under the NERC Reliability Standards currently applicable to LSEs. NERC has mapped the compliance responsibility in Attachment B.

Other than the CIP Version 3 family of Standards that has already removed the LSE function as an applicable entity in Version 5, there are 72 individual NERC Reliability Standard requirements applicable to the LSE function.

Of the 72 individual LSE Reliability Standard requirements, 57 are also applicable to DPs. Only 38 of the 419 LSE entities (8.76%) remaining on the NCR are not also registered as DPs. These 38 entities are dispersed throughout the ERO Enterprise as follows: one in FRCC, five in MRO, one in NPCC, six in RF, three in SPP RE, six in SERC, six in TRE, and 10 in WECC.

Of the 38 entities not registered as DPs, only eight are not registered as either a BA, GOP, or TOP. Of the remaining eight, six are either GOs or TOs, one is a Resource Planner and one entity is registered only as an LSE, however it is in the process of deregistration due to no longer performing the function in the Region it is registered. These eight entities are dispersed throughout the ERO Enterprise as follows: two in MRO, two in RF, one in SERC, two in SPP RE, and one in WECC.

After considering upcoming Reliability Standards projects proposing to eliminate LSE as an applicable function, there are only four that will require additional steps after approval of the removal of LSE as a registered function from the NCR. These requirements are as follows: 1) INT-011-1 R1, in its March 19 Order, FERC noted that, while it was seeking additional information, “we are persuaded by NERC that this provision is commercial in nature and has minimal reliability implications. . . .”²⁷ This Reliability Standard is discussed in more detail below in the section regarding collaboration with NAESB; 2) MOD-032-1 R2 and R3, which already requires BAs to provide modeling data for the Transmission Planner and Planning Coordinator. After elimination of the LSE function, NERC will create a SAR to request a project to revise the MOD standard to address removing the LSE function; 3) BAL-005-0.2b R1.3, which BAs already cover, and which after elimination of the LSE function, NERC will create a SAR to request a project to revise the BAL standards to address removing the LSE function; and 4) TOP-002-2.1 R18, which deals with using uniform line identifiers when referring to transmission facilities of an interconnected network, and which is adequately covered by registered BAs, GOPs, TOPs, TSPs.

LSE continuity of responsibility addressed through collaboration with NAESB

In its March 19 Order, the Commission requested NERC to describe its coordination with NAESB to ensure the timely transfer of commercial practices. In NERC’s RBR Petition, NERC identified nine Reliability Standards that are currently applicable to LSEs. Following the issuance of the March 2015 Order, NERC had extensive discussions with NAESB leadership on whether removal of any of the LSE Reliability Standards warranted development of a commercial practice.

NERC updated its LSE mapping excerpt from the RBR Petition, which NAESB leadership reviewed. The NAESB Wholesale Electric Quadrant (WEQ) Standards leadership conducted a thorough review. NAESB identified INT-011-1 as a candidate for a commercial process standard. As stated in its RBR Petition, Reliability

²⁷ March 19 Order at P 42

Standard INT-011 ensures that LSEs using point-to-point transmission service for intra-BA transfers shall submit a Request for Interchange (RFI) unless the information about intra-BA transfers is included in congestion management procedure(s) via an alternate method. As background, this Reliability Standard was created in response to a FERC directive in Order No. 693, paragraph 817:

In addition, e-Tagging of such transfers was previously included in INT-001-0 and the Commission is aware that such transfers are included in the e-Tagging logs. In short, the practice already exists, but if this Requirement is removed from INT-001-2, no Reliability Standard would require that such information be provided. We therefore will adopt the directive we proposed in the NOPR and direct the ERO to include a modification to INT-001-2 that includes a Requirement that interchange information must be submitted for all point-to-point transfers entirely within a balancing authority area, including all grandfathered and “non-Order No. 888” transfers. The transfers within a Balancing Authority Area using Point to Point Transmission Service can impact transmission congestion, and this standard ensures that these transfers are communicated and accounted for in congestion management procedures.

Requirement 1 of INT-011 states:

R1. Each Load-Serving Entity that uses Point to Point Transmission Service for intra-Balancing Authority Area transfers shall submit a Request for Interchange unless the information about intra-Balancing Authority transfers is included in congestion management procedure(s) via an alternate method.

M1. Each Load-Serving Entity subject to R1 shall have evidence, such as dated and timestamped electronic records, documentation of congestion management procedures, or other similar evidence, that a Request for Interchange was submitted for each Point to Point Transmission Service intra-Balancing Authority transfer subject to R1 or that each intra-Balancing Authority transfer subject to R1 was accounted for in congestion management procedure(s) via an alternate method.
(R1)

Among other things, this Reliability Standard targets older or grandfathered deals, and NERC is confirming for the compliance filing that none of the LSE-only entities proposed for deregistration have any such deals.

Finally, the WEQ Executive Committee Chair and Vice Chair have agreed to submit a request to NAESB to ensure that this commercially-related practice under INT-011-1 is considered for standards development through the NAESB process. NAESB noted that the NAESB WEQ-004 Business Practice Standards contain requirements proscribing how RFIs should be submitted and that RFIs for intra-BA transactions are to be processed in the same manner as other RFIs, but it does not require the submittal of RFIs for intra-BA transactions. The NAESB Electronic Tagging (e-Tag) Functional Specification describes the functional requirements and technical specifications for the implementation of e-Tagging and is built on the NERC Reliability Standards and NAESB WEQ Business Practice Standards, but it does not specifically require the submittal of RFIs for intra-BA transactions.

If NAESB pursues development of this standard, it will be subject to a vote at the regular WEQ Executive Committee in August 2015 and, if approved, filed with the Commission in the 3rd quarter of 2015.

Forecast data and significant load-growth including potentially deregistered LSEs

In its March 19 Order, the Commission directed NERC to address whether all BAs and planners would have the ability to reasonably estimate demand and energy forecast data for areas where the LSE is deregistered.²⁸ In addition, the Commission stated that this information should highlight areas of significant load-growth and the cumulative effect of not providing accurate load data projections over time as load increases.²⁹

NERC reviewed the total internal demand³⁰ for ERO-Enterprise wide assessment areas for the last three years to extrapolate the likely load projection for the next five years. These assessment areas are as follows: 1) FRCC; 2) MISO; 3) MRO (Manitoba-Hydro, Mid-continent Area Power Pool, and SaskPower); 4) NPCC (Maritimes, New England, New York, Ontario, and Québec); 5) PJM; 6) SERC (East, North, and Southeast); 7) SPP; 8) TRE-ERCOT; and 9) WECC (California-Mexico, Northwest Power Pool, Rocky Mountain Reserve Group, Southwest Reserve Sharing Group, and US).

Assessment Area	Load Growth Projection	Percentage of Load Represented by Entity Proposed for Deregistration
MRO	7%	0.17%
WECC	6.5%	0.42%
SERC	4.0%	0.51%
FRCC	1.6%	N/A
SPP	1.5%	0.22%
NPCC	1.5%	N/A
TRE	1.3%	3.31%
PJM	1.0%	0.13%
MISO	0.9%	0.19%

Governance and Funding Issues

There are no changes to funding obligations of LSEs as a result of removal of LSEs as a functional registration category. Relevant excerpts from the NERC ROP are set forth below.

Section 1106 of the NERC ROP states:

NERC shall request the Regional Entities to identify all Load-Serving Entities within each Regional Entity and the NEL assigned to each Load-Serving Entity, and the Regional Entities shall supply the requested information. The assignment of a funding requirement to an entity shall not be the basis for determining that the entity must be registered in the Compliance Registry.

²⁸ March 19 Order at P 40

²⁹ March 19 Order at P 40

³⁰ Total Internal Demand forecast is based on a non-coincident basis, meaning the forecasted peak demand for each assessment area occurs during different hours throughout the four-month assessment season.

NERC Rules of Procedure at Section 1106 (footnote omitted).

Appendix 5B states:

Entities responsible for funding NERC and the Regional Entities have been identified in the budget documents filed with FERC. Presence on or absence from the Compliance Registry has no bearing on an entity's independent responsibility for funding NERC and the Regional Entities.

Both references are clear that inclusion or exclusion of an LSE entity has no bearing on its ERO funding responsibilities pursuant to Section 215 of the Federal Power Act.

Appendix A
Load-Serving Entity Changes after December 2014 Risk-Based Registration
Filing

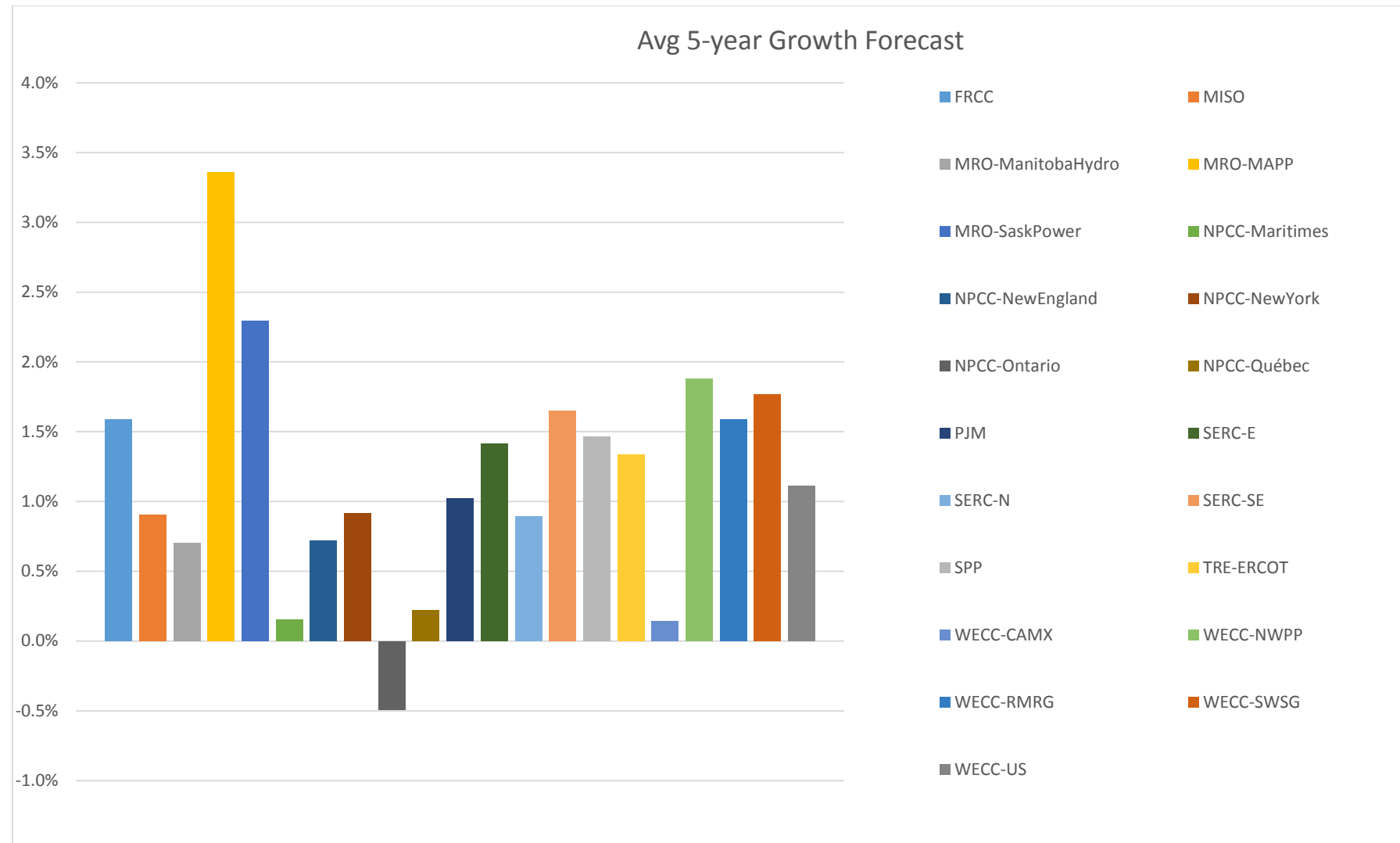
PRIVILEGED AND CONFIDENTIAL INFORMATION HAS BEEN REMOVED

Appendix B: Balancing Authority Projected Load Impact

BA	Region	NERC Load	Confirmed Load	Total 2013 BA Load	Total 2014 BA Load	Total 2015 BA Load	BA	% of NERC Load vs. 2013 BA Load	% of NERC Load vs. 2014 BA Load	% of NERC Load vs. 2015 BA Load	Avg. % of NERC Load vs. BA Load	% of Confirmed Load vs. 2013 BA Load	% of Confirmed Load vs. 2014 BA Load	% of Confirmed Load vs. 2015 BA Load	Avg. % of Confirmed Load vs. BA Load
CAISO	WECC	342	325	48,967	49,359	46,905	CAISO	0.70%	0.69%	0.73%	0.71%	0.66%	0.66%	0.69%	0.67%
Duke Energy Carolinas	SERC	661	661	19,471	19,484	19,824	Duke Energy Carolinas	3.39%	3.39%	3.33%	3.37%	3.39%	3.39%	3.33%	3.37%
ERCOT	TRE	2,238	2,238	67,998	69,289	69,057	ERCOT	3.29%	3.23%	3.24%	3.25%	3.29%	3.23%	3.24%	3.25%
MISO	SERC/RF/MRO	230	230	114,333	120,882	127,319	MISO	0.20%	0.19%	0.18%	0.19%	0.20%	0.18%	0.19%	0.19%
NYISO	NPCC	73	113	33,725	34,066	33,567	NYISO	0.22%	0.21%	0.22%	0.22%	0.34%	0.33%	0.34%	0.33%
PacifiCorp	WECC	335	317	12,700	13,347	13,211	PacifiCorp	2.64%	2.51%	2.54%	2.56%	2.50%	2.38%	2.40%	2.42%
PJM	RF	150	178	155,553	158,717	160,259	PJM	0.10%	0.09%	0.09%	0.09%	0.11%	0.11%	0.11%	0.11%
Public Service Company of New Mexico	WECC	44	44	2,710	2,713	2,703	Public Service Company of New Mexico	1.62%	1.62%	1.63%	1.62%	1.62%	1.62%	1.63%	1.62%
Southwest Power Pool	SPP	58	58	52,247	54,080	49,710	Southwest Power Pool	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%
LGE&KU	SERC	200	200	7,207	7,236	7,173	LGE&KU	2.78%	2.76%	2.79%	2.78%	2.78%	2.76%	2.79%	2.78%
TOTAL	Total	4,273	4,340	514,911	529,173	529,728	TOTAL	0.83%	0.81%	0.81%	0.81%	0.84%	0.82%	0.82%	0.83%

Assessment Area			2015 (\$)	2016 (\$)		2017 (\$)		2018 (\$)		2019 (\$)		2020 (\$)		Avg. Growth 5 year forecast
FRCC	Total Internal Demand	MW	46719.00	47615.00	2%	48501.00	2%	49147.00	1%	49852.00	1%	50554.00	1%	1.6%
MISO	Total Internal Demand	MW	128570.70	130100.60	1%	131241.60	1%	132376.10	1%	133469.70	1%	134509.30	1%	0.9%
MRO-ManitobaHydro	Total Internal Demand	MW	3434.00	3482.75	1%	3424.12	-2%	3445.93	1%	3482.10	1%	3555.14	2%	0.7%
MRO-MAPP	Total Internal Demand	MW	5027.74	5373.89	7%	5499.69	2%	5689.65	3%	5810.32	2%	5926.75	2%	3.4%
MRO-SaskPower	Total Internal Demand	MW	3207.99	3289.16	3%	3356.80	2%	3468.63	3%	3568.74	3%	3593.09	1%	2.3%
NPCC-Maritimes	Total Internal Demand	MW	3419.90	3529.00	3%	3497.06	-1%	3480.84	0%	3455.34	-1%	3444.35	0%	0.2%
NPCC-NewEngland	Total Internal Demand	MW	26930.00	27291.00	1%	27521.00	1%	27677.00	1%	27782.00	0%	27911.00	0%	0.7%

Assessment Area			2015 (\$)	2016 (\$)		2017 (\$)		2018 (\$)		2019 (\$)		2020 (\$)		Avg. Growth 5 year forecast
NPCC-NewYork	Total Internal Demand	MW	34066.00	34412.00	1%	34766.00	1%	35111.00	1%	35454.00	1%	35656.00	1%	0.9%
NPCC-Ontario	Total Internal Demand	MW	22725.52	22534.93	-1%	22344.34	-1%	22301.43	0%	22271.63	0%	22170.37	0%	-0.5%
NPCC-Québec	Total Internal Demand	MW	21436.34	21195.80	-1%	21319.82	1%	21334.86	0%	21471.01	1%	21672.56	1%	0.2%
PJM	Total Internal Demand	MW	160259.00	162470.00	1%	164195.00	1%	165479.00	1%	166900.00	1%	168593.00	1%	1.0%
SERC-E	Total Internal Demand	MW	44086.00	44768.00	2%	45398.00	1%	45992.00	1%	46669.00	1%	47289.00	1%	1.4%
SERC-N	Total Internal Demand	MW	42100.00	42571.00	1%	42917.00	1%	43298.00	1%	43677.00	1%	44018.00	1%	0.9%
SERC-SE	Total Internal Demand	MW	47116.00	48137.00	2%	48931.00	2%	49427.00	1%	50124.00	1%	51135.00	2%	1.7%
SPP	Total Internal Demand	MW	49710.30	50993.00	3%	51700.06	1%	52267.03	1%	52848.93	1%	53454.34	1%	1.5%
TRE-ERCOT	Total Internal Demand	MW	69056.80	70014.41	1%	70871.08	1%	71805.85	1%	72859.11	1%	73783.84	1%	1.3%
WECC-CAMX	Total Internal Demand	MW	57606.00	56767.00	-1%	57004.00	0%	57245.00	0%	57580.00	1%	58003.00	1%	0.1%
WECC-NWPP	Total Internal Demand	MW	66283.10	67733.00	2%	69233.30	2%	70674.20	2%	71799.10	2%	72745.30	1%	1.9%
WECC-RMRG	Total Internal Demand	MW	9899.00	10100.00	2%	10239.00	1%	10410.00	2%	10558.00	1%	10709.00	1%	1.6%
WECC-SWSG	Total Internal Demand	MW	22635.00	22759.60	1%	23282.00	2%	23762.40	2%	24335.00	2%	24707.30	2%	1.8%
WECC-US	Total Internal Demand	MW	134350.80	136127.60	1%	137654.30	1%	139168.60	1%	140686.10	1%	141975.60	1%	1.1%



Appendix C: Other Registered Entity Applicability for Load-Serving Entity NERC Reliability Standard Requirements

Entities Remaining on the Registry Following Removal of LSE													
Region	BA	DP	GO	GOP	PA	RC	RP	RSG	TO	TOP	TP	TSP	LSE
FRCC	9	19	11	11	15		16		17	14	16	8	20
MRO	15	51	26	26	2	1	31		33	18	21	8	56
NPCC	1	53	8	8	1		2	1	18	5	7	5	54
RF	10	43	21	18	1	1	14		27	10	9	2	49
SERC	16	59	26	22	10	2	25	4	32	18	22	9	64
SPP	3	44	22	21	1	1	22		29	17	18	1	47
TRE		35	5	8					21	14	20		41
WECC	25	78	46	45	29		47		61	43	38	29	88
Grand Total	79	382	165	159	59	5	157	5	238	139	151	62	419

Item	Other Applicable Functions	Reliability Standard (R)	BA	DP	GO	GOP	TO	TOP	RC	TP	TSP	PA/ PC	RP	RSG	Total	By Region
1	DP, GO and TO	FAC-002-1 R1, R1.1. – R1.5		382	165		238								785	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 6 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
2	DP and TO	FAC-002-2 R3		382			238								620	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 6 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
3	BA, GOP, TOP and TSP	IRO-001-1.1 R8.	79			159		139			62				439	FRCC: 16 of 20 MRO: 31 of 56 NPCC: 13 of 54 RF: 19 of 49 SERC: 27 of 63 SPP: 24 of 47 TRE: 19 of 41 WECC: 52 of 87
4	BA, GOP, TOP and TSP	IRO-005-3.1a R10.	79			159		139			62				439	FRCC: 16 of 20 MRO: 31 of 56 NPCC: 13 of 54 RF: 19 of 49 SERC: 27 of 63 SPP: 24 of 47 TRE: 19 of 41 WECC: 52 of 87

Item	Other Applicable Functions	Reliability Standard (R)	BA	DP	GO	GOP	TO	TOP	RC	TP	TSP	PA/ PC	RP	RSG	Total	By Region
5	BA, GO, GOP, RC, TOP and TO	IRO-010-1a R3.	79		165	159	238	139	5						785	FRCC: 17 of 20 MRO: 40 of 56 NPCC: 22 of 54 RF: 37 of 49 SERC: 39 of 63 SPP: 32 of 47 TRE: 26 of 41 WECC: 66 of 87
6	BA	MOD-004-1 R10	79												79	FRCC: 9 of 20 MRO: 15 of 56 NPCC: 1 of 54 RF: 10 of 49 SERC: 16 of 64 SPP: 3 of 47 TRE: 0 of 41 WECC: 25 of 88
7	BA, DP, PA, PC, RP and TP	MOD-031 R2 & R4.	79	382						151		59	157		828	FRCC: 20 of 20 MRO: 53 of 56 NPCC: 53 of 54 RF: 47 of 49 SERC: 61 of 64 SPP: 46 of 47 TRE: 36 of 41 WECC: 87 of 87
8	BA, GO, RP, TO, TSP	MOD-032-1 R2 & R3.	79		165		238				62		157		701	FRCC: 18 of 20 MRO: 41 of 56 NPCC: 23 of 54 RF: 37 of 49 SERC: 41 of 63 SPP: 34 of 47 TRE: 23 of 41 WECC: 72 of 88

Item	Other Applicable Functions	Reliability Standard (R)	BA	DP	GO	GOP	TO	TOP	RC	TP	TSP	PA/ PC	RP	RSG	Total	By Region
9	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	NUC-001-2.1 R2, R3, R4, R6, R8, & R9.	79	382	165	159	238	139	5	151	62	59			1,439	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 49 of 49 SERC: 64 of 64 SPP: 46 of 47 TRE: 41 of 41 WECC: 88 of 88
10	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	NUC-001-3 R2, R3, R4, R6, R8, & R9.	79	382	165	159	238	139	5	151	62	59			1,439	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 49 of 49 SERC: 64 of 64 SPP: 46 of 47 TRE: 41 of 41 WECC: 88 of 88
11	DP, TO and TOP	PRC-010-0 R1, R1.1, & R1.1.1—R1.1.3		382			238	139							759	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 46 of 49 SERC: 62 of 64 SPP: 46 of 47 TRE: 36 of 41 WECC: 87 of 88
12	DP and TOP	PRC-022-1 R1 & R1.1—R1.5		382				139							521	FRCC: 19 of 20 MRO: 54 of 56 NPCC: 53 of 54 RF: 45 of 49 SERC: 61 of 64 SPP: 45 of 47 TRE: 36 of 41 WECC: 84 of 84

Item	Other Applicable Functions	Reliability Standard (R)	BA	DP	GO	GOP	TO	TOP	RC	TP	TSP	PA/ PC	RP	RSG	Total	By Region
13	DP	TOP-001-1a R4.		382											382	FRCC: 19 of 20 MRO: 52 of 56 NPCC: 53 of 54 RF: 45 of 49 SERC: 60 of 64 SPP: 45 of 47 TRE: 35 of 41 WECC: 82 of 88
14	BA, GOP and TSP	TOP-002-2.1b R3.	79			159					62				300	FRCC: 13 of 20 MRO: 31 of 56 NPCC: 12 of 54 RF: 19 of 49 SERC: 26 of 64 SPP: 22 of 47 TRE: 8 of 41 WECC: 49 of 88
15	BA, GOP, TOP and TSP	TOP-002-2.1b R18.	79			159		139			62				439	FRCC: 16 of 20 MRO: 31 of 56 NPCC: 13 of 54 RF: 19 of 49 SERC: 27 of 64 SPP: 24 of 47 TRE: 19 of 41 WECC: 52 of 88

Appendix D: Load-Serving Entity Applicable Standard Requirements Mapping Document

Provided below for informational purposes, is a list of the Reliability Standards that include the applicable entities affected by the revisions proposed in the RBR Initiative. Upon FERC approval of the RBR filing, Standard Authorization Requests (SARs) will be developed as needed to revise Reliability Standards and/or terms used in the *NERC Glossary of Terms Used in Reliability Standards* to remove these functions. Any Reliability Standard Requirement that references an entity proposed for deactivation will be moot and not enforceable.

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
1		Enforceable	CIP Version 3			Revisions will not be necessary because the approved CIP V5 Standards have removed LSE as an applicable function and substituted the DP function. NERC reviewed the CIP audit reports for LSEs and determined that of the 174 LSE/DPs, 98 have received audits since 2011. Of these 98, only three were onsite audits--all three entities were determined to not own any critical assets. Off-site CIP compliance audits are typically only conducted for those entities required to self-certify only for CIP-002 and CIP-003's senior manager requirement, i.e. entities without Critical Cyber Assets.	CIP Version 3 will be superseded by CIP Version 5. LSEs are not a responsible entity in the FERC-approved CIP Version 5 Reliability Standards.	n/a
2	BA, DP, GO, GOP, RC, TO and TOP	Future Enforceable	CIP Version 5			None.	LSEs are not a responsible entity in the FERC-approved CIP Version 5 Reliability Standards.	n/a
3	None	Enforceable	BAL-005-0.2b	R1.3.	Each LSE with load operating in an Interconnection shall ensure that those loads are included within the metered boundaries of a BA Area.	This requirement will be effectively retired by the deactivation of LSEs. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the BAL standards to address removing the LSE function since the BA already covers this function.	BAL-001-1 requires a BA to balance its Area Control Error, and this requires the BA to ensure load is captured correctly within its metered boundaries. Also BAL-005-2b, R8 requires "The Balancing Authority shall ensure that data acquisition for and calculation of ACE occur at least every six seconds."	none
4	EOP-011-1 proposed to replace it and applies to BA, RC and TOP	Enforceable	EOP-002-3.1	R9.	When a Transmission Service Provider expects to elevate the transmission service priority of an Interchange Transaction from Priority 6 (Network Integration Transmission Service from Non-designated Resources) to Priority 7 (Network Integration Transmission Service from designated Network Resources) as permitted in its transmission tariff:	None- because the proposed EOP-011, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function: http://www.nerc.com/pa/Stand/Pages/Project-2009-03-Emergency-Operations.aspx . EOP-002-3.1 was merged, along with EOP-001-2.1b and EOP-003-2 to create EOP-011-1. EOP-011-1 was filed with FERC on 12/29/2014. http://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/Petition%20for%20Approval%20of%20EOP-011-1.pdf	LSEs have no real-time reliability functionality with respect to Energy Emergency Alerts. Requirement R9 of EOP-002-3.1 was in place to allow for a Transmission Service Provider to change the priority of a service request, informing the Reliability Coordinator so that the service would not be curtailed by a TLR [Transmission Loading Relief]; and since the Tagging Specs did not allow profiles to be changed, this was the only method to accomplish it. Under NAESB WEQ Etag Spec v1811 R3.6.1.3, this has been modified and now the [Transmission Service Provider] has the ability to change the Transmission priority which, in turn, is reflected in the [Interchange Distribution Calculator]. This technology change allows for the deletion of Requirement R9 in its entirety. Requirement R9 meets ... Criterion A of Paragraph 81 and should be retired."	n/a
5	EOP-011-1 proposed to	Enforceable	EOP-002-3.1	R9.1.	The deficient LSE shall request its RC to initiate an Energy Emergency Alert in	None, the proposed EOP-011, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function:	LSEs have no real-time reliability functionality with respect to Energy Emergency Alerts.	n/a

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
	replace it and applies to BA, RC and TOP				accordance with Attachment 1-EOP-002 "Energy Emergency Alerts."	http://www.nerc.com/pa/Stand/Pages/Project-2009-03-Emergency-Operations.aspx . EOP-002-3.1 was merged, along with EOP-001-2.1b and EOP-003-2 to create EOP-011-1. EOP-011-1 was filed with FERC on 12/29/2014. http://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/Petition%20for%20Approval%20of%20EOP-011-1.pdf	Requirement R9 of EOP-002-3.1 was in place to allow for a Transmission Service Provider to change the priority of a service request, informing the Reliability Coordinator so that the service would not be curtailed by a TLR [Transmission Loading Relief]; and since the Tagging Specs did not allow profiles to be changed, this was the only method to accomplish it. Under NAESB WEQ Etag Spec v1811 R3.6.1.3, this has been modified and now the [Transmission Service Provider] has the ability to change the Transmission priority which, in turn, is reflected in the [Interchange Distribution Calculator]. This technology change allows for the deletion of Requirement R9 in its entirety. Requirement R9 meets ... Criterion A of Paragraph 81 and should be retired."	
6	DP, GO and TO	Enforceable	FAC-002-1	R1.	The GO, TO, DP, and LSE seeking to integrate generation facilities, transmission facilities, and electricity end-user facilities shall each coordinate and cooperate on its assessments with its Transmission Planner and Planning Authority (PA). The assessment shall include:	The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function. FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014. FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf	The DP already is subject to this requirement. DPs typically carry out load shedding. Load-Serving Entities are not required to and do not own or operate any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
7	DP, GO and TO	Enforceable	FAC-002-1	R1.1.	Evaluation of the reliability impact of the new facilities and their connections on the interconnected transmission systems.	The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function. FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014. FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf	The DP already is subject to this requirement. DPs typically carry out load shedding. Load-Serving Entities are not required to and do not own or operate any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
8	DP, GO and TO	Enforceable	FAC-002-1	R1.2.	Ensure compliance with NERC Reliability Standards and applicable Regional, subregional, Power Pool, and individual system planning criteria and facility connection requirements.	<p>The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function.</p> <p>FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014.</p> <p>FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf</p>	The DP already is subject to this requirement. DPs typically carry out load shedding. Load-Serving Entities are not required to and do not own or operate any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
9	DP, GO and TO	Enforceable	FAC-002-1	R1.3.	Evidence that the parties involved in the assessment have coordinated and cooperated on the assessment of the reliability impacts of new facilities on the interconnected transmission systems. While these studies may be performed independently, the results shall be jointly evaluated and coordinated by the entities involved.	<p>The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function.</p> <p>FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014.</p> <p>FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf</p>	The DP already is subject to this requirement. DPs typically carry out load shedding. Load-Serving Entities are not required to and do not own or operate any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
10	DP, GO and TO	Enforceable	FAC-002-1	R1.4.	Evidence that the assessment included steady-state, short-circuit, and dynamics studies as necessary to evaluate system performance under both normal and contingency conditions in accordance with Reliability Standards TPL-001-0, TPL-002-0, and TPL-003-0.	<p>The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function.</p> <p>FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014.</p> <p>FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf</p>	The DP already is subject to this requirement. DPs typically carry out load shedding. Load-Serving Entities are not required to and do not own or operate any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
11	DP, GO and TO	Enforceable	FAC-002-1	R1.5.	Documentation that the assessment included study assumptions, system performance, alternatives considered, and jointly coordinated recommendations.	<p>The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function.</p>	The DP already is subject to this requirement. DPs typically carry out load shedding. Load-Serving Entities are not required to and do not own or operate any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
						FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014. FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf		TRE: 38 of 41 WECC: 88 of 88
12	DP and TO	Pending Regulatory Approval	FAC-002-2	R3	Each TO, each DP, and each LSE seeking to interconnect new transmission Facilities or electricity end-user Facilities, or to materially modify existing interconnections of transmission Facilities or electricity end-user Facilities, shall coordinate and cooperate on studies with its Transmission Planner or Planning Coordinator, including but not limited to the provision of data as described in R1, Parts 1.1-1.4.	The LSE-only function does not own any facilities that would be interconnecting, and the DP is actually the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the FAC standards to remove the LSE function. FAC-002-2 was adopted by the NERC Board of Trustees of 8/14/2014 and filed with FERC on 8/22/2014. FERC issued a letter order on 11/6/2014 approving FAC-002-2. The effective date is http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/FAC%20Approval%20Letter%20Order.pdf	The DP already is subject to this requirement. The DP is the proper functional entity to coordinate and cooperate with the TP and Planning Coordinator/PA because the LSE is not required to and does not own any facilities that would be seeking to interconnect.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
13	BA, GOP, TOP and TSP	Enforceable	IRO-001-1.1	R8.	TOPs, BAs, GOPs, Transmission Service Providers, LSEs, and PSEs shall comply with RC directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the TOP, BA, GOP, Transmission Service Provider, LSE, or PSE shall immediately inform the RC of the inability to perform the directive so that the RC may implement alternate remedial actions.	None. The proposed IRO-001-4 has already removed the LSE function, and the DP has been added in the proposed standard: http://www.nerc.com/pa/Stand/Prjct201403RvsnstoTOPandIROStndrds/2014_03_first_posting_iro_001_4_20140506_clean_final.pdf IRO-001-4 was adopted by the NERC Board of Trustees on 11/13/14 and filed with FERC on 3/18/2015. http://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/TOP-IRO%20Petition_final.pdf	The DP already has been added in the proposed standard. The DP is the entity that would follow an RC directive.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
14	BA, GOP, TOP and TSP	Enforceable	IRO-005-3.1a	R10.	In instances where there is a difference in derived limits, the TOPs, BAs, GOPs, Transmission Service Providers, LSEs, and PSEs shall always operate the BES to the most limiting parameter.	IRO-005-3.1a was proposed to be retired by the NERC Board of Trustees action on 11/13/14 with the adoption of TOP-002-4, TOP-003-3, IRO-001-3, IRO-002-4, IRO-008-02, IRO-010-2, IRO-014-3, and IRO-017-1 and filed with FERC on 3/18/2015. http://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/TOP-IRO%20Petition_final.pdf		FRCC: 16 of 20 MRO: 31 of 56 NPCC: 13 of 54 RF: 19 of 49 SERC: 27 of 64 SPP: 24 of 47 TRE: 18 of 41 WECC: 52 of 88
15	BA, GO, GOP, RC, TOP and TO	Enforceable	IRO-010-1a	R3.	Each BA, GO, GOP, IA, LSE, RC, TOP, and TO shall provide data and information, as specified, to the RC(s) with which it has a reliability relationship. (Violation Risk Factor: Medium) (Time Horizon:	No, The TOP/IRO project has recommended retiring this standard. See implementation plan: http://www.nerc.com/pa/Stand/Prjct201403RvsnstoTOPandIROStndrds/2014_03_third_posting_implementation_plan_20141002_clean.pdf		FRCC: 17 of 20 MRO: 39 of 56 NPCC: 22 of 54 RF: 37 of 49 SERC: 36 of 64 SPP: 32 of 47

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
					Operations Planning; Same-day Operations; Real-time Operations)	IRO-010-2 was adopted by the NERC Board of Trustees on 11/13/14 and filed with FERC on 3/18/2015. http://www.nerc.com/FilingsOrders/us/NERC%20Filings%20to%20FERC%20DL/TOP-IRO%20Petition_final.pdf		TRE: 26 of 41 WECC: 66 of 88
16	None.	Enforceable	MOD-004-1	R3.	Each LSE determining the need for Transmission capacity to be set aside as CBM for imports into a BA Area shall determine that need by:	These requirements can be retired based on other functions (DP, BA or TSP) that are responsible for acquiring extra capacity. Reliability Standard MOD-001-2 is pending Commission approval in Docket No. RM14-7-000 and proposes to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. Within MOD-001-2, the LSE is not listed in the applicability section.		n/a .
17	None.	Enforceable	MOD-004-1	R3.1.	Using one or more of the following to determine the GCIR: Loss of Load Expectation (LOLE) studies Loss of Load Probability (LOLP) studies Deterministic risk-analysis studies Reserve margin or resource adequacy requirements established by other entities, such as municipalities, state commissions, RTOs, ISOs, Regional Reliability Organizations, or REs	These requirements can be retired based on other functions (DP, BA or TSP) that are responsible for acquiring extra capacity. Reliability Standard MOD-001-2 is pending Commission approval in Docket No. RM14-7-000 and proposes to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. Within MOD-001-2, the LSE is not listed in the applicability section.		n/a
18	None.	Enforceable	MOD-004-1	R3.2.	Identifying expected import path(s) or source region(s).	These requirements can be retired based on other functions (DP, BA or TSP) that are responsible for acquiring extra capacity. Reliability Standard MOD-001-2 is pending Commission approval in Docket No. RM14-7-000 and proposes to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. Within MOD-001-2, the LSE is not listed in the applicability section.		n/a
19	BA	Enforceable	MOD-004-1	R10.	The LSE or BA shall request to import energy over firm Transfer Capability set aside as CBM only when experiencing a declared NERC Energy Emergency Alert (EEA) 2 or higher. [Time Horizon: Same-day Operations]	These requirements can be retired based on other functions (DP, BA or TSP) that are responsible for acquiring extra capacity. Reliability Standard MOD-001-2 is pending Commission approval in Docket No. RM14-7-000 and proposes to retire Reliability Standards MOD-001-1a, MOD-004-1, MOD-008-1, MOD-028-2, MOD-029-1a, and MOD-030-2. Within MOD-001-2, the LSE is not listed in the applicability section.		FRCC: 9 of 20 MRO: 15 of 56 NPCC: 1 of 54 RF: 10 of 49 SERC: 16 of 64 SPP: 3 of 47 TRE: 0 of 41 WECC: 25 of 88
20	PA, PC and RP	Enforceable	MOD-017-0.1	R1.	The LSE, PA and Resource Planner shall each provide the following information annually on an aggregated Regional, sub-regional, Power Pool, individual system, or LSE basis to NERC, the Regional Reliability Organizations, and any other entities specified by the	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
					documentation in Standard MOD-016-1_R1.			
21	PA, PC and RP	Enforceable	MOD-017-0.1	R1.1.	Integrated hourly demands in megawatts (MW) for the prior year.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
22	PA, PC and RP	Enforceable	MOD-017-0.1	R1.2.	Monthly and annual peak hour actual demands in MW and Net Energy for Load in gigawatt-hours (GWh) for the prior year.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
23	PA, PC and RP	Enforceable	MOD-017-0.1	R1.3.	Monthly peak hour forecast demands in MW and Net Energy for Load in GWh for the next two years.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data required.	n/a
24	PA, PC and RP	Enforceable	MOD-017-0.1	R1.4.	Annual Peak hour forecast demands (summer and winter) in MW and annual Net Energy for load in GWh for at least five years and up to ten years into the future, as requested.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
25	PA, PC, RP and TP	Enforceable	MOD-018-0	R1.	The LSE, PA, Transmission Planner and Resource Planner's report of actual and forecast demand data (reported on either an aggregated or dispersed basis) shall:	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
26	PA, PC, RP and TP	Enforceable	MOD-018-0	R1.1.	Indicate whether the demand data of nonmember entities within an area or Regional Reliability Organization are included, and	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
27	PA, PC, RP and TP	Enforceable	MOD-018-0	R1.2.	Address assumptions, methods, and the manner in which uncertainties are	Being replaced by MOD-031.	MOD-031 requires the BA and Planning Coordinator first to provide data specifications	n/a

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
					treated in the forecasts of aggregated peak demands and Net Energy for Load.	MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	
28	PA, PC, RP and TP	Enforceable	MOD-018-0	R1.3.	Items (MOD-018-0_R 1.1) and (MOD-018-0_R 1.2) shall be addressed as described in reporting procedures developed for Standard MOD-016-1_R 1.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
29	PA, PC, RP and TP	Enforceable	MOD-018-0	R2.	The LSE, PA, Transmission Planner, and Resource Planner shall each report data associated with Reliability Standard MOD-018-0_R1 to NERC, the Regional Reliability Organization, LSE, PA, and Resource Planner on request (within 30 calendar days).	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
30	PA, PC, RP and TP	Enforceable	MOD-019-0.1	R1.	The LSE, PA, Transmission Planner, and Resource Planner shall each provide annually its forecasts of interruptible demands and Direct Control Load Management (DCLM) data for at least five years and up to ten years into the future, as requested, for summer and winter peak system conditions to NERC, the Regional Reliability Organizations, and other entities (LSEs, Planning Authorities, and Resource Planners) specified Reliability Standard MOD-016-1_R 1 documentation in.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
31	RP and TP	Enforceable	MOD-020-0	R1.	The LSE, Transmission Planner, and Resource Planner shall each make known its amount of interruptible demands and Direct Control Load Management (DCLM) to TOPs, BAs, and RCs on request within 30 calendar days.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
32	RP and TP	Enforceable	MOD-021-1	R1.	The LSE, Transmission Planner and Resource Planner's forecasts shall each clearly document how the Demand and energy effects of DSM programs (such as conservation, time-of-use rates, interruptible Demands, and Direct Control Load Management) are addressed.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
33	RP and TP	Enforceable	MOD-021-1	R2.	The LSE, Transmission Planner and Resource Planner shall each include information detailing how Demand-Side Management measures are addressed in the forecasts of its Peak Demand and annual Net Energy for Load in the data reporting procedures of Standard MOD-016-0_R1.	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
34	RP and TP	Enforceable	MOD-021-1	R3.	The LSE, Transmission Planner and Resource Planner shall each make documentation on the treatment of its DSM programs available to NERC on request (within 30 calendar days).	Being replaced by MOD-031. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	n/a
35	BA, DP, PA, PC, RP and TP	Filed with FERC	MOD-031	R2.	Each Applicable Entity identified in a data request shall provide the data requested by its Planning Coordinator or BA in accordance with the data request issued pursuant to Requirement R1.	This standard only applies to an LSE if data is requested. However, since the DP and BA can provide the necessary data, the task force recommends removing the LSE. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the MOD standards to address removing the LSE function. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	FRCC: 20 of 20 MRO: 53 of 56 NPCC: 53 of 54 RF: 47 of 49 SERC: 61 of 64 SPP: 47 of 49 TRE: 36 of 41 WECC: 86 of 88
36	BA, DP, PA, PC, RP and TP	Filed with FERC	MOD-031	R4	Any Applicable Entity shall, in response to a written request for the data included in parts 1.3-1.5 of Requirement R1 from a Planning Coordinator, BA, Transmission Planner or Resource Planner with a demonstrated need for such data in order to conduct reliability assessments of the BES, provide or otherwise make available that data to the requesting entity. This requirement does not modify an entity's obligation pursuant to Requirement R2 to respond to data requests issued by its Planning Coordinator or BA pursuant to Requirement R1. Unless otherwise agreed upon, the Applicable Entity: <ul style="list-style-type: none"> shall provide the requested data within 45 calendar days of the written request, subject to part 4.1 of this requirement; and 	This standard only applies to an LSE if data is requested. However, since the DP and BA can provide the necessary data, the task force recommends removing the LSE. A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the MOD standards to address removing the LSE function. MOD-031-1 was approved by FERC on 2/19/2015. http://www.nerc.com/FilingsOrders/us/FERCOrdersRules/Order%20No.%20804%20on%20MOD-031-1.pdf	MOD-031 requires the BA and Planning Coordinator first to provide data specifications to other entities. MOD-031 is applicable to both BAs and DPs, and either entity would have the required load data.	FRCC: 20 of 20 MRO: 53 of 56 NPCC: 53 of 54 RF: 47 of 49 SERC: 61 of 64 SPP: 46 of 47 TRE: 36 of 41 WECC: 87 of 88

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
					<ul style="list-style-type: none"> shall not be required to alter the format in which it maintains or uses the data. 			
37	BA, GO, RP, TO, TSP	Enforceable in the Future	MOD-032-1	R2.	Each BA, GO, LSE, Resource Planner, TO, and Transmission Service Provider shall provide steady-state, dynamics, and short circuit modeling data to its Transmission Planner(s) and Planning Coordinator(s) according to the data requirements and reporting procedures developed by its Planning Coordinator and Transmission Planner in Requirement R1. For data that has not changed since the last submission, a written confirmation that the data has not changed is sufficient.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the MOD standard to address removing the LSE function since the DP or BA already has or will provide the data to the TP or PA/Planning Coordinator.	The BA already is required by this standard to provide modeling data for the TP and Planning Coordinator.	FRCC: 18 of 20 MRO: 41 of 56 NPCC: 23 of 54 RF: 37 of 49 SERC: 41 of 64 SPP: 34 of 47 TRE: 23 of 41 WECC: 72 of 88
38	BA, GO, RP, TO, TSP	Future Enforceable	MOD-032-1	R3.	Upon receipt of written notification from its Planning Coordinator or TransmissionPlanner regarding technical concerns with the data submitted under Requirement R2,including the technical basis or reason for the technical concerns, each notifiedBA, GO, LSE, Resource Planner,TO, or Transmission Service Provider shall respond to the notifyingPlanning Coordinator or Transmission Planner as follows: [See the standard for more information]	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the MOD standard to address removing the LSE function since the DP or BA already has or will provide the data to the TP or PA/Planning Coordinator.	The BA already is required by the standard to provide the modeling data for the TP and Planning Coordinator.	FRCC: 18 of 20 MRO: 41 of 56 NPCC: 23 of 54 RF: 37 of 49 SERC: 41 of 64 SPP: 34 of 47 TRE: 23 of 41 WECC: 72 of 88
39	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R2.	The Nuclear Plant GOP and the applicable Transmission Entities shall have in effect one or more Agreements that include mutually agreed to NPIRs and document how the Nuclear Plant GOP and the applicable Transmission Entities shall address and implement these NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard and is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
40	BA, DP, GO, GOP, PA, RC, TO, TOP,	Enforceable	NUC-001-2.1	R3.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
	TP, TSP and PC				incorporate the NPIRs into their planning analyses of the electric system and shall communicate the results of these analyses to the Nuclear Plant GOP.	Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	appropriate entity because it would actually own facilities on NPIRs.	RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
41	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R4.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall:	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
42	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R4.1.	Incorporate the NPIRs into their operating analyses of the electric system.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
43	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R4.2.	Operate the electric system to meet the NPIRs.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
44	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R4.3.	Inform the Nuclear Plant GOP when the ability to assess the operation of the electric system affecting NPIRs is lost.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
45	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R6.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities and the Nuclear Plant GOP shall coordinate outages and maintenance activities which affect the NPIRs.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The DP is the appropriate entity because it owns the facilities subject to the outage coordination and maintenance.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
46	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R8.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall inform the Nuclear Plant GOP of actual or proposed changes to electric system design, configuration, operations, limits, protection systems, or capabilities that may impact the ability of the electric system to meet the NPIRs.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The DP is the appropriate entity because it actually owns the facilities that would be subject to the design, configuration, and operation limits.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
47	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.	The Nuclear Plant GOP and the applicable Transmission Entities shall include, as a minimum, the following elements within the agreement(s) identified in R2:	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
48	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.2.	Technical requirements and analysis:	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
49	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.2. 1.	Identification of parameters, limits, configurations, and operating scenarios included in the NPIRs and, as applicable, procedures for providing any specific data not provided within the agreement.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
50	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.2. 2.	Identification of facilities, components, and configuration restrictions that are essential for meeting the NPIRs.	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
51	BA, DP, GO, GOP, PA, RC, TO, TOP,	Enforceable	NUC-001-2.1	R9.2. 3.	Types of planning and operational analyses performed specifically to support the NPIRs, including the	A SAR will be created upon FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
	TP, TSP and PC				frequency of studies and types of Contingencies and scenarios required.	Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	appropriate entity because it would actually own facilities on NPIRs.	SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
52	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3.	Operations and maintenance coordination:	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
53	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3. 1.	Designation of ownership of electrical facilities at the interface between the electric system and the nuclear plant and responsibilities for operational control coordination and maintenance of these facilities.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
54	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3. 2.	Identification of any maintenance requirements for equipment not owned or controlled by the Nuclear Plant GOP that are necessary to meet the NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
55	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3. 3.	Coordination of testing, calibration and maintenance of on-site and off-site power supply systems and related components.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
56	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3. 4.	Provisions to address mitigating actions needed to avoid violating NPIRs and to address periods when responsible Transmission Entity loses the ability to assess the capability of the electric system to meet the NPIRs. These provisions shall include responsibility to notify the Nuclear Plant GOP within a specified time frame.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88

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57	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3.5.	Provision for considering, within the restoration process, the requirements and urgency of a nuclear plant that has lost all off-site and on-site AC power.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
58	BA, DP, GO, GOP, PA, RC, RP, TO, TOP, TSP and PC	Enforceable	NUC-001-2.1	R9.3.6.	Coordination of physical and cyber security protection of the BES at the nuclear plant interface to ensure each asset is covered under at least one entity's plan.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
59	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.3.7.	Coordination of the NPIRs with transmission system SPSs and UFLS and UVLS programs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
60	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.4.	Communications and training:	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
61	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.4.1.	Provisions for communications between the Nuclear Plant GOP and Transmission Entities, including communications protocols, notification time requirements, and definitions of terms.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
62	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.4.2.	Provisions for coordination during an off-normal or emergency event affecting the NPIRs, including the need to provide timely information explaining the event, an estimate of when the system will be	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64

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					returned to a normal state, and the actual time the system is returned to normal.			SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
63	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.4.3.	Provisions for coordinating investigations of unplanned event causes affecting the NPIRs and developing solutions to minimize future risk of such events.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
64	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.4.4.	Provisions for supplying information necessary to report to government agencies, as related to NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
65	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Enforceable	NUC-001-2.1	R9.4.5.	Provisions for personnel training, as related to NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
66	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC		NUC-001-3	R2.	The Nuclear Plant GOP and the applicable Transmission Entities shall have in effect one or more Agreements [1] that include mutually agreed to NPIRs and document how the Nuclear Plant GOP and the applicable Transmission Entities shall address and implement these NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
67	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC		NUC-001-3	R3.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall incorporate the NPIRs into their planning analyses of the electric system and shall communicate the results of these analyses to the Nuclear Plant GOP.:	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
68	BA, DP, GO, GOP, PA,		NUC-001-3	R4.	Per the Agreements developed in accordance with this standard, the	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function.	The DP already is subject to this Reliability Standard. The LSE is not required to and does	FRCC 20 of 20 MRO: 56 of 56

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	RC, TO, TOP, TP, TSP and PC				applicable Transmission Entities shall: (please see standard for sub-requirements)	Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
69	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC		NUC-001-3	R6.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities and the Nuclear Plant GOP shall coordinate outages and maintenance activities which affect the NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The DP is the appropriate entity because it owns the facilities subject to the outage coordination and maintenance.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
70	BA, DP, GOP, PA, RC, TO, TOP, TP, TSP and PC		NUC-001-3	R8.	Per the Agreements developed in accordance with this standard, the applicable Transmission Entities shall inform the Nuclear Plant GOP of actual or proposed changes to electric system design (e.g., protective relay set-points), configuration, operations, limits, or capabilities that may impact the ability of the electric system to meet the NPIRs.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The DP is the appropriate entity because it owns the facilities subject to system design changes.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
71	BA, DP, GO, GOP, PA, RC, TO, TOP, TP, TSP and PC	Pending Regulatory Approval	NUC-001-3	R9.	The Nuclear Plant GOP and the applicable Transmission Entities shall include the following elements in aggregate within the Agreement(s) identified in R2. <ul style="list-style-type: none"> Where multiple Agreements with a single Transmission Entity are put into effect, the R9 elements must be addressed in aggregate within the Agreements; however, each Agreement does not have to contain each element. The Nuclear Plant GOP and the Transmission Entity are responsible for ensuring all the R9 elements are addressed in aggregate within the Agreements. Where Agreements with multiple Transmission Entities are required, the Nuclear Plant GOP is responsible for ensuring all the R9 elements are addressed in aggregate within the Agreements with the Transmission 	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the NUC standard to address removing the LSE function. Reliability Standard NUC-001-3 supersedes Reliability Standard NUC-001-2.1 and is effective January 1, 2016.	The DP already is subject to this Reliability Standard. The LSE is not required to and does not own any equipment, and the DP is the appropriate entity because it would actually own facilities on NPIRs.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88

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					Entities. The Agreements with each Transmission Entity do not have to contain each element; however, the Agreements with the multiple Transmission Entities, in the aggregate, must address all R9 elements. For each Agreement(s), the Nuclear Plant GOP and the Transmission Entity are responsible to ensure the Agreement(s) contain(s) the elements of R9 applicable to that Transmission Entity. (please see standard for sub-requirements)			
72	DP, TO and TOP	Enforceable	PRC-010-0	R1.	The LSE, TO, TOP, and DP that owns or operates a UVLS program shall periodically (at least every five years or as required by changes in system conditions) conduct and document an assessment of the effectiveness of the UVLS program. This assessment shall be conducted with the associated Transmission Planner(s) and PAs.	None- the proposed PRC-010-, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function. PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
73	DP, TO and TOP	Enforceable	PRC-010-0	R1.1.	This assessment shall include, but is not limited to:	None- the proposed PRC-010-, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function. PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
74	DP, TO and TOP	Enforceable	PRC-010-0	R1.1. 1.	Coordination of the UVLS programs with other protection and control systems in the Region and with other Regional Reliability Organizations, as appropriate.	None- the proposed PRC-010-, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function. PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
75	DP, TO and TOP	Enforceable	PRC-010-0	R1.1. 2.	Simulations demonstrate that the UVLS programs performance is consistent with Reliability Standards TPL-001-0, TPL-002-0, TPL-003-0 and TPL-004-0.	None- the proposed PRC-010-, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function.PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47

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								TRE: 38 of 41 WECC: 88 of 88
76	DP, TO and TOP	Enforceable	PRC-010-0	R1.1.3.	A review of the voltage set points and timing.	None- the proposed PRC-010-, approved by the NERC Board of Trustees on November 13, 2014, has removed the LSE function. PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
77	DP and TOP	Enforceable	PRC-022-1	R1.	Each TOP, LSE, and DP that operates a UVLS program to mitigate the risk of voltage collapse or voltage instability in the BES shall analyze and document all UVLS operations and Misoperations. The analysis shall include:	No, the proposed PRC-022-2 has removed the LSE and was presented to the BOT in November. http://www.nerc.com/pa/Stand/Project%20200711%20Disturbance%20Monitoring%20DL/PRC-002-2_Disturbance_Monitoring_2014May09_clean.pdf PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
78	DP and TOP	Enforceable	PRC-022-1	R1.1.	A description of the event including initiating conditions.	No, the proposed PRC-022-2 has removed the LSE and was presented to the BOT in November. http://www.nerc.com/pa/Stand/Project%20200711%20Disturbance%20Monitoring%20DL/PRC-002-2_Disturbance_Monitoring_2014May09_clean.pdf PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
79	DP and TOP	Enforceable	PRC-022-1	R1.2.	A review of the UVLS set points and tripping times.	No, the proposed PRC-022-2 has removed the LSE and was presented to the BOT in November. http://www.nerc.com/pa/Stand/Project%20200711%20Disturbance%20Monitoring%20DL/PRC-002-2_Disturbance_Monitoring_2014May09_clean.pdf PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
80	DP and TOP	Enforceable	PRC-022-1	R1.3.	A simulation of the event, if deemed appropriate by the Regional Reliability Organization. For most events, analysis of sequence of events may be sufficient and dynamic simulations may not be needed.	No, the proposed PRC-022-2 has removed the LSE and was presented to the BOT in November. http://www.nerc.com/pa/Stand/Project%20200711%20Disturbance%20Monitoring%20DL/PRC-002-2_Disturbance_Monitoring_2014May09_clean.pdf PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
81	DP and TOP	Enforceable	PRC-022-1	R1.4.	A summary of the findings.	No, the proposed PRC-022-2 has removed the LSE and was presented to the BOT in November. http://www.nerc.com/pa/Stand/Project%20200711%20Disturbance%20Monitoring%20DL/PRC-002-2_Disturbance_Monitoring_2014May09_clean.pdf	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC 20 of 20 MRO: 56 of 56 NPCC: 54 of 54

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
						PRC-010-1 was filed with FERC on 2/6/2015.		RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
82	DP and TOP	Enforceable	PRC-022-1	R1.5.	For any Misoperation, a Corrective Action Plan to avoid future Misoperations of a similar nature.	No, the proposed PRC-022-2 has removed the LSE and was presented to the BOT in November. http://www.nerc.com/pa/Stand/Project%20200711%20Disturbance%20Monitoring%20DL/PRC-002-2_Disturbance_Monitoring_2014May09_clean.pdf PRC-010-1 was filed with FERC on 2/6/2015.	LSEs do not own or operate a UVLS program. DPs already appropriately perform this function and are an applicable entity.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
83	DP	Enforceable	TOP-001-1a	R4.	Each DP and LSE shall comply with all reliability directives issued by the TOP, including shedding firm load, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances, the DP or LSE shall immediately inform the TOP of the inability to perform the directive so that the TOP can implement alternate remedial actions.	A SAR will be created following FERC approval of the RBR filing. The SAR will request a project commence to revise the TOP standards to remove any deactivated functions.	The DP already is subject to this Reliability Standard and must follow the reliability directive. The LSE does not perform load shedding and does not own any equipment.	FRCC: 20 of 20 MRO: 56 of 56 NPCC: 54 of 54 RF: 48 of 49 SERC: 62 of 64 SPP: 45 of 47 TRE: 38 of 41 WECC: 88 of 88
84	BA, DP and GOP	Pending Regulatory Approval	TOP-001-2	R1.	Each BA, GOP, DP, and LSE shall comply with each Reliability Directive issued and identified as such by its TOP(s), unless such action would violate safety, equipment, regulatory, or statutory requirements.	No. The TOP/IRO revisions project will eventually lead to withdrawing this standard. NERC will request the Board to rescind its approval of these standards and petition FERC to withdraw its petition for approval of these standards See Implementation Plan: http://www.nerc.com/pa/Stand/Prjct201403RvsnstoTOPandIROStndrds/2014_03_third_posting_implementation_plan_20141002_clean.pdf		n/a
85	BA, DP and GOP	Pending Regulatory Approval	TOP-001-2	R2.	Each BA, GOP, DP, and LSE shall inform its TOP of its inability to perform an identified Reliability Directive issued by that TOP.	No. The TOP/IRO revisions project will eventually lead to withdrawing this standard. NERC will request the Board to rescind its approval of these standards and petition FERC to withdraw its petition for approval of these standards See Implementation Plan: http://www.nerc.com/pa/Stand/Prjct201403RvsnstoTOPandIROStndrds/2014_03_third_posting_implementation_plan_20141002_clean.pdf		n/a
86	BA, GOP and TSP TOP-002-4 applies to BA and TOP,	Enforceable	TOP-002-2.1b	R3.	Each LSE and GOP shall coordinate (where confidentiality agreements allow) its current-day, next-day, and seasonal operations with its Host BA and Transmission Service Provider. Each BA and Transmission Service Provider shall coordinate its current-day, next-day, and seasonal operations with its TOP.	No, the proposed revised TOP-002-4 removes the LSE: http://www.nerc.com/pa/Stand/Prjct201403RvsnstoTOPandIROStndrds/2014_03_first_posting_top_002_4_20140514_clean_final.pdf		FRCC: 13 of 20 MRO: 31 of 56 NPCC: 12 of 54 RF: 19 of 49 SERC: 26 of 64 SPP: 22 of 47 TRE: 8 of 41 WECC: 49 of 88

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
	as applicable							
87	BA, GOP, TOP and TSP	Enforceable	TOP-002-2.1b	R18.	Neighboring BAs, TOPs, GOPs, Transmission Service Providers, and LSEs shall use uniform line identifiers when referring to transmission facilities of an interconnected network.	None.		FRCC: 16 of 20 MRO: 31 of 56 NPCC: 13 of 54 RF: 19 of 49 SERC: 27 of 64 SPP: 24 of 47 TRE: 19 of 41 WECC: 52 of 88
88	None	Enforceable	INT-011-1	R1.	Each LSE that uses Point to Point Transmission Service for intra-BA Area transfers shall submit a Request for Interchange unless the information about intra-BA transfers is included in congestion management procedure(s) via an alternate method.	This standard will effectively be retired upon approval of the RBR initiative.	<p>BAs ultimately balance the load.</p> <p>Reliability Standard INT-011 ensures that Load-Serving Entities with intra-Balancing Authority deals submit a Request for Interchange unless it is entered into a congestion management procedure. The proposed removal of the LSE functional registration category is not expected to create a gap in reliability.</p> <p>NAESB Comments: The NAESB WEQ-004 Business Practice Standards contain requirements prescribing how RFIs should be submitted and that RFIs for Intra-BA Transactions are to be processed in the same manner as other RFIs, but it does not require the submittal of RFIs for Intra-BA Transactions. The NAESB Electronic Tagging (e-Tag) Functional Specification describes the functional requirements and technical specifications for the implementation of e-Tagging. It does not specifically require the submittal of RFIs for Intra-BA Transactions.</p>	n/a
89	BA, DP, GO, GOP, TO and TOP	Pending Regulatory Approval	TOP-003-2	R5.	Each TOP, BA, GO, GOP, IA, LSE, TO, and DP receiving a data specification in Requirement R3 or R4 shall satisfy the obligations of the documented specifications for data.	<p>None. The TOP/IRO revisions project will eventually lead to withdrawing this standard.</p> <p>NERC will request the Board to rescind its approval of these standards and petition FERC to withdraw its petition for approval of these standards.</p>		n/a

Item #	Other Applicable Functions	Status	Reliability Standard	Req. #	Text of Requirement	Impact on Reliability Standards	Additional Information, including NAESB mapping, as applicable	Number of entities with continuity of responsibility under the NERC Reliability Standards
						See Implementation Plan: http://www.nerc.com/pa/Stand/Prjct201403RvsnstoTOPandIROStndrds/2014_03_third_posting_implementation_plan_20141002_clean.pdf		

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
Entity 1	WECC	CAISO	Peak Reliability	<p>Metered Subsystem Agreement (Third Amend. and Restated NCPA MSS Aggregator Agreement between Cal. Independent Sys. Operator Corp. and N. Cal. Power Agency and N. Cal. Power Agency Metered Subsys. Aggregator Agreement Members, dated October 24, 2011).</p> <p>LSEs also sign a Metered Subsystem Agreement with the Northern California Power Authority and CAISO which further details metering and load obligations.</p> <p>CAISO TARIFF (Cal. Independent Sys. Operator eTariff, Docket No. ER10-156-001, effective date June 28, 2010).</p> <p>LOAD FORECASTING 4.9.10.1 System Planning Studies and Forecasts The CAISO, the MSS Operator and Participating TOs shall share information such as projected Load growth and system expansions necessary to conduct necessary system planning studies to the extent that these may impact the operation of the CAISO Balancing Authority Area. Each MSS</p>	<p>CAISO Tariff</p> <p>NCPA MSS Aggregator Agreement</p> <p>Load-Shedding: 4.9.6.1 The CAISO has authority to suspend MSS control and direct, via communications with the MSS Operator, the operation of Generating Units within the MSS, including Generating Units that may comprise a System Unit, if such control is necessary to maintain CAISO Controlled Grid reliability.</p> <p>4.9.6.2 If Load Shedding is required to manage System Emergencies, the CAISO will determine the amount and location of Load to be reduced pursuant to Section 7.7.5.1 and 7.7.5.2. Each MSS Operator shall be responsible for notifying its customers and Generators connected to its system of curtailments and service interruption.</p> <p>4.2.1 Comply With Dispatch Instructions And Operating Orders With respect to this Section 4.2, all Market Participants, including Scheduling Coordinators, Utility Distribution Companies, Participating Transmission Owners, Participating Generators, Participating Loads, Demand Response Providers,</p>

¹ One LSE organization is not included in this chart because its LSE/DP duties have been transferred to its parent company.

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				<p>Operator shall provide to the CAISO annually its ten-year forecasts of Demand growth, internal Generation, and expansion of or replacement for any transmission facilities that are part of the MSS that will or may significantly affect any point of interconnection between the MSS and the CAISO Controlled Grid. Such forecasts shall be provided on the date that UDCs are required to submit forecasts to the CAISO under Section 4.4.5.1. Each MSS Operator or each Scheduling Coordinator for an MSS Operator shall also submit weekly and monthly peak Demand Forecasts in accordance with the CAISO’s Business Practice Manuals.</p> <p>4.9.10.3.3 Each MSS Operator shall promptly provide such information as the CAISO may reasonably request concerning the MSS Operator’s operation of the MSS to enable the CAISO to meet its responsibility under the CAISO Tariff to conduct reviews and prepare reports following major Outages. Where appropriate, the CAISO will provide appropriate assurances that the confidentiality of commercially sensitive information shall be protected. The CAISO shall have no responsibility to prepare</p>	<p>Balancing Authorities (to the extent the agreement between the Balancing Authority and the CAISO so provides), and <u>MSS Operators within the CAISO Balancing Authority Area and all System Resources shall comply fully and promptly with the Dispatch Instructions and operating orders, unless such operation would impair public health or safety.</u></p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>reports on Outages that affect customers on the MSS, unless the Outage also affects customers connected to the system of another entity within the CAISO Balancing Authority Area. The MSS Operator shall be solely responsible for the preparation of any reports required by any governmental entity or the WECC with respect to any Outage that affects solely customers on the MSS.</p> <p>4.9.10.3.4 Reliability Information Each MSS Operator shall inform the CAISO, and the CAISO shall inform each MSS Operator, in each case as promptly as possible, of any circumstance of which it becomes aware (including, but not limited to, abnormal temperatures, storms, floods, earthquakes, and equipment depletions and malfunctions and deviations from Registered Data and operating characteristics) that is reasonably likely to threaten the reliability of the CAISO Controlled Grid or the integrity of the MSS respectively. Each MSS Operator and the CAISO each shall also inform the other as promptly as possible of any incident of which it becomes aware (including, but not limited to, equipment Outages, over-loads</p>	

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				<p>or alarms) which, in the case of the MSS Operator, is reasonably likely to threaten the reliability of the CAISO Controlled Grid, or, in the case of the CAISO, is reasonably likely to adversely affect the MSS. Such information shall be provided in a form and content which is reasonable in all the circumstances, sufficient to provide timely warning to the entity receiving the information of the threat and, in the case of the CAISO, not unduly discriminatory with respect to the CAISO’s provision of similar information to other entities.</p>	
Entity 2	WECC	CAISO	Peak Reliability	CAISO Above	CAISO Above
Entity 3	WECC	CAISO	Peak Reliability	<p>NCPA MSS Aggregator Agreement If and to the extent a matter is specifically addressed by a provision of this Agreement (including any schedules or other attachments to this Agreement), the provisions of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff (including, except as provided in Section 3.3.2, any CAISO Tariff provision that is referenced in this Agreement).</p> <p>Section 6.1 - FORECASTS: NCPA shall</p>	<p>If and to the extent a matter is specifically addressed by a provision of this Agreement (including any schedules or other attachments to this Agreement), the provisions of this Agreement shall govern notwithstanding any inconsistent provision of the CAISO Tariff (including, except as provided in Section 3.3.2, any CAISO Tariff provision that is referenced in this Agreement).</p> <p>Article VII- CURTAILMENT / LOAD SHEDDING: Notwithstanding anything to the contrary in Articles V, VII, VIII, IX, or X or any CAISO Tariff provision, neither NCPA nor the MSS Members</p>

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				<p>provide to the CAISO annually its ten-year forecasts of the MSS Demand growth, internal Generation, and expansions of or replacements for those transmission facilities that are part of NCPA's System identified in Schedule 1 and other transmission facilities that are part of NCPA's System that serve similar functions or that otherwise will or may significantly affect any Point of MSS Interconnection. Such forecast shall be provided on the date that Utility Distribution Companies are required to provide similar forecasts and shall be provided in accordance with the CAISO Tariff. Peak MSS Demand forecasts for MSSAA Members shall be submitted by NCPA's Scheduling Coordinator in accordance with Section 19.1 of the CAISO Tariff, or biannually as part of the CAISO's summer and winter assessment process, as agreed by the Parties.</p> <p>Schedule 15 - METERING OBLIGATIONS: NCPA will provide the required information with respect to all of its meters used to provide Meter Data to CAISO.</p>	<p>shall be expected or required to curtail their Loads or offer to the CAISO generating capacity or Energy from their Generating Units in a System Emergency that is due to the failure of other Load Serving Entities to provide resources adequate to meet measured Demand and maintain Operating Reserves in accordance with the CAISO Tariff or meet the credit requirements of Section 12 of the CAISO Tariff.</p> <p>Under the direction of the CAISO, <u>NCPA or its MSSAA Members, as applicable, shall follow all instructions as they pertain to the CAISO's System Emergency related Operating Procedures, including actions to be taken by NCPA with respect to Generation, Ancillary Services, and the handling of Load reductions as specified in the EAP.</u> NCPA shall participate in all System Emergency operations-related communication between the CAISO and other MSSs and UDCs within the CAISO Balancing Authority Area, which may include meetings, conference calls, hotlines, and/or e-mails.</p> <p>In the event a System Emergency occurs or the CAISO determines that a System Emergency is threatened or imminent, NCPA shall, in accordance with Good Utility Practice and the NCPA EAP: (a) comply with all directions from the CAISO concerning the management and alleviation of a</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
					<p>threatened or actual System Emergency, which may include shutting down or starting a Generating Unit, altering the scheduled delivery of Energy or Ancillary Services to or from, as well as within, the CAISO Balancing Authority Area, and/or disconnecting MSS Members' Load and (b) comply with all other procedures concerning System Emergencies set out in the NCPA EAP and CAISO Operating Procedures, in accordance with the applicable provisions of this Agreement.</p> <p>NCPA, on behalf of the MSSAA Members, shall implement and have at all times operational an automatic Underfrequency Load Shedding (UFLS) program described in Schedule 8 and any under-voltage relay protection program that may be described in Schedule 9.</p>
Entity 4	WECC	CAISO	Peak Reliability	CAISO Above < redacted text>	CAISO Above < redacted text>
Entity 5	SERC	Duke Energy Carolinas	VACAR South	<p>Network Operating Agreement (Duke Energy Carolinas, LLC, Docket. No. ER10-679-000, January 29, 2010)</p> <p>Network Operating Agreement 2.0 Network Operating Committee (b) The Network Operating Committee shall coordinate operating criteria for the Parties'</p>	<p>OATT 33 Load Shedding and Curtailments (Duke Energy Carolinas, Docket No. ER12-2322-000, effective date July 2, 2012)</p> <p>33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>respective responsibilities under the Tariff and this Service Agreement including:</p> <p>a (ii) transfer of data, as necessary and as applicable, between the Transmission Provider and the Transmission Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider’s Transmission System, interchange schedules, unit outputs for redispatch required under Section 33 of the Tariff, voltage schedules, loss factors and other real time data);</p> <p>(iii) use of software programs required for data links and constraint dispatching; (iv) exchange of data on forecasted loads and resources necessary for long-term planning;</p> <p>5.0 Control Area and Data Equipment (b) The s real time telemetry and data to be received by the Transmission Provider’s system operator and the Transmission Customer shall be determined initially by the Parties. Subsequent changes shall be determined by the Network Operating Committee. Such telemetry and data shall be necessary for monitoring of system</p>	<p>shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with the Transmission Provider's Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.</p> <p>33.6 Load Shedding: To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider, Network Customers and Network Contract Demand Customers to shed load, <u>the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.</u></p> <p>PPA (Second Amend. And Restated Power Purchase Agreement between Duke Energy</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>operations for reliability, security or economics. Such telemetry may include but is not limited to loads, line flows, voltages, and breaker status at any of the Transmission Customer's transmission facilities. To the extent telemetry is required that is not available on the Transmission Customer's facilities, the Transmission Customer, at its own expense, shall install any metering equipment, data acquisition equipment, or other equipment and software on its system that is necessary for the telemetry to be received by the Transmission Provider's system operator.</p>	<p>Carolinas, LLC and City of Greenwood, SC, effective January 1, 2013)</p> <p>CURTAILMENT: This Power Purchase Agreement ends in December 2018 unless terminated prior. Includes automatic extension in 10 year increments.</p> <p>Section 4.2 - Duke has sole responsibility to design all curtailments and reductions in supply, and may order any manner of curtailment or reduction in supply that Duke believes is appropriate so long as supply to Buyer's Native Load and Duke's Native Load are curtailed or reduced on a non-discriminatory basis. . .In the event of a curtailment of service hereunder, upon Buyer's request, Duke shall provide Buyer with a written explanation of the curtailment procedure applied under this section.</p> <p>Network Operating Agreement (Network Operating Agreement, Attachment E to the Duke Energy Carolinas OATT, Docket No. ER10-679-000 (Jan. 29, 2010)). (b) Insofar as practicable, the Transmission Provider and the Network Customer shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
					<p>disturbances which might cause impairment of service on the system(s) of the other. The Parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission Systems, as provided in Section 33.6 of the Tariff. Load shedding shall include: (1) automatic load shedding by underfrequency relay or (2) manual load shedding. The Transmission Provider will implement load shedding to maintain the relative sizes of load served, unless otherwise required by circumstances beyond the control of the Transmission Provider and the Network Customer. Automatic load shedding devices will operate without notice. When manual load shedding is necessary, the Transmission Provider shall notify the Network Customer's dispatchers or schedulers of the required action and the Network Customer shall comply immediately.</p>
Entity 6	SERC	Duke Energy Carolinas	VACAR South	<p><u>OATT SERVICE AGREEMENT No. 335 Network Operating Agreement 2.0 Network Operating Committee</u> (b) The Network Operating Committee shall coordinate operating criteria for the Parties' respective responsibilities under the Tariff and this Service Agreement including: a (ii) transfer of data, as necessary and as applicable, between the Transmission Provider and the Transmission Customer</p>	<p>Duke OATT above</p> <p><omitted text></p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>(including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider’s Transmission System, interchange schedules, unit outputs for redispatch required under Section 33 of the Tariff, voltage schedules, loss factors and other real time data); (iii) use of software programs required for data links and constraint dispatching; (iv) exchange of data on forecasted loads and resources necessary for long-term planning;</p> <p>5.0 Control Area and Data Equipment (b) The real time telemetry and data to be received by the Transmission Provider’s system operator and the Transmission Customer shall be determined initially by the Parties. Subsequent changes shall be determined by the Network Operating Committee. Such telemetry and data shall be necessary for monitoring of system operations for reliability, security or economics. Such telemetry may include but is not limited to loads, line flows, voltages, and breaker status at any of the Transmission Customer’s transmission</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>facilities, and Transmission Customer owned generator output. All such determinations under this subsection (b) shall be in accordance with Good Utility Practice. To the extent telemetry is required that is not available on the Transmission Customer’s facilities, the Transmission Customer, at its own expense, shall install any metering equipment, data acquisition equipment, or other equipment and software on its system that is necessary for the telemetry to be received by the Transmission Provider’s system operator.</p> <p>< redacted excerpt from confidential agreement ></p>	
Entity 7	SERC	Duke Energy Carolinas	VACAR South	<p><u>NITSA and Operating Agreement</u> (Network Integration Transmission Service Agreement and Network Operating Agreement between Southern Companies and the City of Seneca, South Carolina, ER10-2066-000, July 30, 2010).</p> <p>Seneca has a filed NITSA and Operating Agreement with Southern Company that requires under section 13.2 of the Operating Agreement to review annually and update load information.</p>	<p>Duke OATT above</p> <p><u>NITSA and Operating Agreement</u></p> <p>While the NITSA conforms to the pro forma NITSA set forth in the Tariff, the NOA does have one variation from the pro forma NOA set forth in the Tariff. Specifically, <u>a provision in Section 4 of the pro forma NOA, which addresses manual load shedding, has been removed.</u></p> <p>A. Removal of Manual Load Shedding Requirement from the NOA Seneca's load is not located on</p>

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				<p><u>Duke OATT</u></p> <p>REAL TIME / METERING DATA:</p> <p>Section 3.2 -- Electric energy delivered to the Transmission Customer's Network Load by the Transmission Provider will be measured by the telemetered values at the <redacted text>.</p> <p>Section 3.7 -- Customer shall be responsible for (i) providing all necessary metering data to the Transmission Provider regarding Network Resource(s); and (ii) coordinating and carrying out all necessary meter installations and testing at said Network Resource(s).</p> <p>Section 3.8 -- The selection of real time telemetry and data to be received by the Transmission Provider and the Transmission Customer shall be at the reasonable discretion of the Transmission Provider following consultation between the Transmission Customer and Transmission Provider as identified in the duties of the Network Operating Committee defined under Section 13, and as found consistent</p>	<p>Southern Companies' system or in Southern Companies' Balancing Authority area. As a result, requiring Seneca to manually shed its load during an emergency on Southern Companies' transmission system (and establishing penalties for failure to do so) would not provide relief on Southern Companies' transmission system. Consequently, because the manual load shedding provision in the pro forma network operating agreement is inapplicable, it has been stricken from the Seneca NOA.</p> <p>2.0 Redispatch Procedures</p> <p>2.1 When necessary to maintain the reliable operation of the Transmission System, the Transmission Provider will take actions consistent with the Tariff to effectively relieve an existing or potential transmission constraint in the following order: (1) interrupt or curtail non-firm transactions; (2) redispatch generating and other resources (including purchased power); and (3) curtail firm transactions.</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>with Good Utility Practice for reliability, security, and/or monitoring of Balancing Authority operations. To the extent telemetry is required that is not available, the Transmission Customer shall, at its own expense, install any metering equipment, data acquisition equipment, communication circuits, or other equipment and software necessary for the telemetry to be received by the Transmission Provider.</p>	
<p>Entity 8</p>	<p>SERC</p>	<p>Duke Energy Carolinas</p>	<p>VACAR South</p>	<p>Network Operating Agreement (Network Operating Agreement, Attachment G to LGE OATT Docket No. ER15-00898-000 (Jan. 23, 2015).</p> <p>Entity 8 provides a 10-year load forecast to Duke Energy, the BA, RC, and transmission provider annually.</p> <p>Attachment E 3.0 Network Operating Committee (b) The Network Operating Committee shall coordinate operating criteria for the Parties' respective responsibilities under the Tariff and the Service Agreement including: (i) operation and maintenance of the Parties' facilities and equipment necessary for integrating the Transmission Customer's Network Load within the Transmission</p>	<p>Duke OATT above</p> <p>PPA (Second Amended and Restated Power Purchase Agreement between Duke Energy Carolinas, LLC and Lockhart Power Co., effective January 1, 2013).</p> <p>Section 4.2.1 - CURTAILMENT: Requires Duke to curtail on a non-discriminatory basis.</p>

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>Provider’s Transmission System (including ,but not limited to, remote terminal units, metering, communications equipment and relaying equipment); (ii) transfer of data, as necessary and as applicable, between the Transmission Provider and the Transmission Customer (including, but not limited to heat rates and operational characteristics of Network Resources, generation schedules for units outside the Transmission Provider’s Transmission System, interchange schedules, unit outputs for redispatch required under Section 33 of the Tariff, voltage schedules, loss factors and other real time data); (iii) use of software programs required for data links and constraint dispatching, (iv) exchange of data on forecasted loads and resources necessary for long-term planning;</p> <p>REAL TIME Load Data – Entity 8 and Duke Energy have meters at its delivery points that provide real time data.</p> <p>Power Purchase Agreement between Duke Energy Carolinas, LLC and Lockhart Power Company, Docket No. ER15-01346-000, Rate Schedule No. 332 (Mar. 20, 2015).</p> <p>4.7 Dynamic Signal. Buyer will install,</p>	

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>operate and maintain, at Buyer’s expense, equipment required to provide an instantaneous load signal to Duke and an instantaneous generation signal to Duke from each of Buyer’s Resources (the instantaneous generation and load signals being referred to as the “Dynamic Signals”), except that, if operational requirements change such that a schedule for Buyer’s load is no longer required, then Buyer’s provision of a load Dynamic Signal will no longer be required. Such equipment shall conform to good utility practice and the standards and practices of the Transmission Provider’s Balancing Authority Area. Duke will install, operate, and maintain, at Duke’s expense, all equipment to accommodate the Dynamic Signals beyond the end of Buyer’s communication lines in the Duke building (the “Demarcation Point”)</p>	
Entity 9	TRE	ERCOT	ERCOT	<p>All Market Participants are required to follow ERCOT protocols which include providing load data to ERCOT, and under Texas Law (Sections 25.503 and 25.8), states that “A market participant shall comply with ERCOT procedures and any official interpretation of the Protocols issued by ERCOT or the commission” or face</p>	<p>ERCOT Nodal Protocols - Section 3: Management Activities for the ERCOT System ERCOT Nodal Operating Guides - Section 4: Emergency Operation</p> <p>ERCOT Nodal Operating Guide: Section 4.5.3:</p> <ul style="list-style-type: none"> • Each Transmission Service Provider (TSP), or its

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>a fine up to \$25,000 per violation. These protocols would ensure ERCOT would receive load data if it is requested.</p> <p>ERCOT Nodal Protocols - Section 6: Adjustment Period and Real-Time Operations</p> <p>ERCOT Nodal Protocols - Section 18: Load Profiling</p> <p>ERCOT Nodal Operating Guides - Section 5: Network Operations Modeling Requirements</p> <p>3.2.2 Demand Forecasts (ERCOT Nodal Protocols Section 3: Management Activities for the ERCOT System)</p> <p>(1) Monthly, ERCOT shall develop the weekly peak hour Demand forecast for the ERCOT Region and for the Forecast Zones based on the 36-Month Load Forecast as described in Section 3.12, Load Forecasting, for the following 36 months, starting with the second week. During the development of this forecast, ERCOT may consult with Qualified Scheduling Entities (QSEs), Transmission Service Providers (TSPs), and other Market Participants that may have knowledge of potential Load growth.</p>	<p>designated agent, will provide ERCOT a status report of Load shed progress within 30 minutes of the time of ERCOT’s instruction or upon ERCOT’s request.</p> <ul style="list-style-type: none"> • Load interrupted by SCADA will be shed without delay and in a time period not to exceed 30 minutes; • Load interrupted by dispatch of personnel to substations to manually shed Load will be implemented within a time period not to exceed one hour; <p>Load Shed and Interruptible Load Responsibilities (IRO-001-1.1, R8 and TOP-001-1a, R4)</p> <p>4.5.3 Implementation (ERCOT Nodal Operating Guides Section 4: Emergency Operation)</p> <p>(1) ERCOT shall be responsible for monitoring system conditions, initiating the EEA levels below, notifying all Qualified Scheduling Entities (QSEs) and Transmission Operators (TOs), and coordinating the implementation of the EEA conditions while maintaining transmission security limits. QSEs and TOs will notify all the Market Participants they represent of each declared EEA level.</p> <p>(2) During the EEA, ERCOT has the authority to</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>3.2.6.2.1 Peak Load Estimate ERCOT shall prepare, at least annually, a forecast of the total peak Load for both summer and winter Peak Load Seasons for the current year and a minimum of ten future years using an econometric forecast, taking into account econometric inputs, weather conditions, demographic data and other variables as deemed appropriate by ERCOT.</p> <p>Real-Time 3.6.1 Load Resource Participation (1) A Load Resource may participate by providing: (a) Ancillary Service: (i) Regulation Up (Reg-Up) Service as a Controllable Load Resource capable of providing Primary Frequency Response; (ii) Regulation Down (Reg-Down) Service as a Controllable Load Resource capable of providing Primary Frequency Response; (iii) Responsive Reserve (RRS) Service as a Controllable Load Resource qualified for Security-Constrained Economic Dispatch (SCED) Dispatch and capable of providing Primary Frequency Response, or as a Load Resource controlled by high-set under-</p>	<p>obtain energy from non-ERCOT Control Areas using Direct Current Tie(s) (DC Tie(s)) or by using Block Load Transfers (BLTs) to move load to non-ERCOT Control Areas. ERCOT maintains the authority to curtail energy schedules flowing into or out of the ERCOT System across the DC Ties in accordance with North American Electric Reliability Corporation (NERC) scheduling guidelines.</p> <p>(3) ERCOT, at management’s discretion, may at any time issue an ERCOT-wide appeal through the public news media for voluntary energy conservation.</p> <p>(4) There may be insufficient time to implement all levels in sequence. ERCOT may immediately implement Level 3 of the EEA any time the steady-state system frequency is below 59.8 Hz and shall immediately implement Level 3 any time the steady-state frequency is below 59.5 Hz.</p> <p>(5) Percentages for Level 3 Load shedding will be based on the previous year’s TSP peak Loads, as reported to ERCOT, and will be reviewed by ERCOT and modified annually.</p> <p>(6) The ERCOT System Operator shall declare the EEA levels to be taken by QSEs and TSPs. QSEs and TSPs shall implement actions under that level (and all above if not previously accomplished) and if ordered by the ERCOT shift supervisor or his designate, shall report back to the ERCOT System Operator when the requested level has been</p>

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>frequency relay; and</p> <p>(iv) Non-Spinning Reserve (Non-Spin) Service as a Controllable Load Resource qualified for SCED Dispatch;</p> <p>(b) Energy in the form of Demand response from a Controllable Load Resource in Real-Time via SCED;</p> <p>(c) Emergency Response Service (ERS) for hours in which the Load Resource does not have an Ancillary Service Resource Responsibility; and</p> <p>(d) Voluntary Load response in Real-Time.</p> <p>(2) Except for voluntary Load response and ERS, loads participating in any ERCOT market must be registered as a Load Resource and are subject to qualification testing administered by ERCOT.</p> <p>(3) All ERCOT Settlements resulting from Load Resource participation are made only with the Qualified Scheduling Entity (QSE) representing the Load Resource.</p> <p>(4) A QSE representing a Load Resource and submitting a bid to buy for participation in SCED, as described in Section 6.4.3.1, Real-Time Market (RTM) Energy Bids, must represent the Load Serving Entity (LSE) serving the Load of the Load Resource. If the Load Resource is an Aggregate Load Resource (ALR), the QSE must represent the</p>	<p>completed.</p> <p>...</p> <p>(8) Each TSP, or its designated agent, will provide ERCOT a status report of Load shed progress within 30 minutes of the time of ERCOT's instruction or upon ERCOT's request.</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>LSE serving the Load of all.</p> <p>18.2.10.2 Transmission Service Provider and/or Distribution Service Provider Sampling Responsibilities (ERCOT Nodal Protocols Section 18: Load Profiling)</p> <p>(1) The TSP's and/or DSP's Load research data are critical for Load Profile development by ERCOT. TSPs and/or DSPs, other than Non-Opt-In Entities (NOIE), shall provide available Load research data when requested by ERCOT.</p> <p>(2) The TSPs and/or DSPs, other than NOIEs, shall provide ERCOT at least one year's notice of any significant change in the status of the TSP's and/or DSPs' Load research programs.</p> <p>(3) TSPs and/or DSPs shall address the appropriate TAC subcommittee as a forum for their input in the development and refinement of Load Profiles.</p> <p>(4) TSPs and/or DSPs shall follow the rules and procedures as specified in PUCT rules.</p> <p>(5) ERCOT may request from TSPs and/or DSPs, and such TSPs and/or DSPs shall provide, the most current Load research data reasonably available to aid in the development or refinement of Load Profile Models, subject to Section 18.2.8,</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>Adjustments and Changes to Load Profile Development.</p> <p>5.1 System Modeling Information (ERCOT Nodal Operating Guides Section 5: Network Operations Modeling Requirements)</p> <p>Information on existing and future ERCOT System components and topology is necessary for ERCOT to create databases and perform tests as outlined in these criteria. To ensure that such information is made available to ERCOT, the following actions by Market Participants are required:</p> <p>(a) Each Transmission Service Provider (TSP), or its Designated Agent, shall provide accurate modeling information for all Transmission Facilities owned or planned by the TSP. The information provided shall include, but not be limited to, the following:</p> <p>(c) Each Generation Resource, or its Designated Agent, shall provide accurate modeling information for each existing or proposed Generation Resource meeting the criteria for inclusion in the SSWG, DWG, and SPWG base cases for which it is the majority owner. The information provided shall include, but not be limited to, the following:</p> <p>(i) Information necessary to represent the</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>Generation Resource’s generation and interconnection facilities in any model of the ERCOT System whose creation has been approved by ERCOT, including modeling information detailed in procedures of the SSWG, DWG, and SPWG; and sites within the ALR.</p> <p>6.5.5.2 Operational Data Requirements (ERCOT Nodal Protocols Section 6: Adjustment Period and Real-Time Operations)</p> <p>(5) A QSE representing a Load Resource connected to Transmission Facilities or distribution facilities shall provide the following Real-Time data to ERCOT for each Load Resource and ERCOT shall make the data available, in accordance with ERCOT Protocols, NERC standards and policies, and Governmental Authority requirements, to the Load Resource’s host TSP or DSP at the TSP’s or DSP’s expense. The Load Resource’s net real power consumption, Low Power Consumption (LPC) and Maximum Power Consumption (MPC) shall be telemetered to ERCOT using a positive (+) sign convention:</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
Entity 10	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 11	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 12	TRE	ERCOT	ERCOT	< redacted excerpt from confidential agreement >	See ERCOT Nodal Operating Guide: Section 4.5.3 above LOAD SHEDDING - According to the Handbook, Section 2.6 of the ERCOT Nodal Operating Guides provides UFLS requirements for ERCOT Transmission Operators and TDSPs.
Entity 13	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 14	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 15	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 16	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 17	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 18	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
Entity 19	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 20	TRE	ERCOT	ERCOT	< redacted excerpt from confidential agreement >	See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 21	TRE	ERCOT	ERCOT	< redacted excerpt from confidential agreement >	See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 22	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 23	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 24	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 25	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 26	TRE	ERCOT	ERCOT		See ERCOT Nodal Operating Guide: Section 4.5.3 above
Entity 27	SERC	LG&E	TVA	<p><u>LG&E/KU OATT, Attachment K and Network Operating Agreement</u></p> <p>LOAD FORECASTING: Under the LG&E/KU OATT, Attachment K and Network Operating Agreement, the LSE must provide load data no later than October 31st for the next ten years.</p>	<p>Part III_33, Part III_33 Load Shedding and Curtailments, 10.0.0</p> <p>33 Load Shedding and Curtailments</p> <p>33.1 Procedures</p> <p>Prior to the Service Commencement Date, the Balancing Authority and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>The Network Customer must inform the Transmission Owner, in a timely manner, of any changes to the Network Customer’s Network Resource availability forecast. In addition to the information required under the NOA, for the purposes of transmission planning, Network Customers will also be required to provide, no later than October 31 of each year, their load forecasts for the next ten years (the planning horizon).</p> <p>NOA attachment to OATT Metering requirements shall include the following: (a) The Network Customer will be responsible for the purchase, installation, operation, maintenance, repair and replacement of all metering equipment necessary to provide NITS and any related Ancillary Services. All metering equipment of the Network Customer shall conform to Good Utility Practice and the standards and practices of the Transmission Owner’s Balancing Area. Prior to the installation of new or replacement metering equipment, the Transmission Owner and the Network Customer shall review the metering equipment to ensure its conformance with</p>	<p>Agreement with the objective of responding to contingencies on the Transmission System. The Balancing Authority and the Network Customer will implement such programs during any period when the Balancing Authority Area, determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The ITO or Balancing Authority will notify all affected Network Customers in a timely manner of any scheduled Curtailment.</p> <p>33.6 Load Shedding To the extent that a system contingency exists on the Transmission Owner’s Transmission System and the Balancing Authority determines that it is necessary for the Transmission Owner and the Network Customer to shed load, the Balancing Authority and the Network Customer shall shed load in accordance with previously established procedures under the Network Operating Agreement.</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>such standards or practices.</p> <p>(b) Electric capacity and energy from the Network Customer’s Network Resources will be measured by meters installed at the output of the Network Customer’s Network Resources located within the LG&E/KU Balancing Area, except when Network Customer’s Network Load is served with behind-the-meter generation, in which case, the requirements of subsection (i) to this section apply.</p> <p>(g) The Transmission Owner will have the right to install suitable metering equipment at any point(s) of receipt for Network Resources or delivery, as herein provided for the purpose of checking the meters installed by the Network Customer.</p> <p>(h) The Network Customer will read the meters owned by it, except as may be mutually agreed by the Transmission Owner and the Network Customer, and will furnish to the Transmission Owner all meter readings and other information required for billing purposes by the second business day of each month. All metering and billing information will remain available to the</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>Transmission Owner for three (3) years.</p> <p>(i) In cases where Network Customer’s Network Load is being served with behind-the-meter generation, either in part or in its entirety, electric capacity and energy delivered to the Network Customer’s Network Load will be measured on an hourly integrated basis by suitable metering equipment installed at each connection to such Network Load and Delivery Point, and at each generating facility and at each auxiliary load at such generating facility. Network Customer shall provide a diagram of the metering equipment at each of these locations to the Transmission Owner and such diagram will be attached to this NOA. This diagram may be amended from time to time by the Parties to reflect metering changes. The actual hourly components of Network Customer’s Network Load, by Delivery Point, internal generation site, auxiliary load, and point where power may flow to and from the Network Customer and its Network Resources, with separate readings for each direction of flow, shall be provided.</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>5. Balancing Authority Area and Data Equipment</p> <p>Balancing Authority Area and Data Equipment requirements shall include the following:</p> <p>(a) The Network Customer will be responsible for the purchase, installation, operation, maintenance, repair and replacement of all data acquisition equipment, metering equipment, protection equipment, and any other associated equipment and software, which may be required by the Transmission Owner for the Network Customer to operate in accordance with the Metering Requirements of this NOA. Such equipment shall conform to Good Utility Practice and the standards and practices of the Transmission Owner’s Balancing Authority Area. Prior to the installation of new or replacement equipment, the Transmission Owner and the Network Customer shall, and the Transmission Owner may, review the equipment and software required by this Section to ensure conformance with such standards or practices.</p> <p>(b) The Transmission Owner, using reasonable discretion, shall select the real</p>	

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>time telemetry and data to be received by the Transmission Owner and the Network Customer as deemed necessary for reliability, security, economics, and/or monitoring of system operations. This telemetry includes, but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of the Network Customer’s transmission facilities. To the extent telemetry is required that is not available, the Network Customer shall, at its own expense, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the telemetry to be received by the Transmission Owner. The Network Customer shall consult with the Balancing Area Authority regarding the necessary data and telemetry needed for reliability, security, economics, and/or monitoring of system operations.</p> <p>(c) The Transmission Owner and Network Customer shall be responsible for implementing any computer modifications or changes required to their own computer system(s) as necessary to implement this</p>	

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				Section (Balancing Authority Area and Data Equipment).	
Entity 28	MRO	MISO	MISO	<p><u>MISO Tariff</u></p> <p>MISO Tariff 38.9.1 (a) Data That May Be Provided to Local Balancing Authorities. The Local Balancing Authority shall receive data as specified in Section 4.6 of the Balancing Authority Agreement, subject to the confidentiality provisions specified in Section 9 of the Balancing Authority Agreement;</p> <p>b) Data That May Be Provided to Transmission Operators. To enable them to perform local reliability analysis, Transmission Operators shall be provided with the following hourly information for their respective operational areas and adjacent areas, updated with each execution of RAC; provided that the Transmission Operator enters into a written agreement, substantially in the form of Attachment Z (Non-Disclosure and Confidentiality Agreement) of this Tariff to maintain the confidentiality of such information. The Transmission Provider's staff shall work with the Transmission</p>	<p>Load Shedding and Curtailment Procedures: Customers are required to create accepted load shedding and curtailment procedures coordinated with all affected parties prior to the in-service date of new facilities.</p> <p>MISO Tariff 38.2.5 Market Participant Obligations: A Market Participant that is a Load Serving Entity or is purchasing on behalf of a Load Serving Entity shall respond to Transmission Provider directives as set forth in Section 40.2.20 this Tariff...</p> <p>MISO Tariff 40.2.20: Capacity Shortage Conditions in the Real-Time Energy and Operating Reserve Market. ii. Step Two. If the action under Step One above is not sufficient to relieve the anticipated shortage condition, the Transmission Provider shall declare an EEA Level 1. In the event that a significant shortage of Operating Reserve is anticipated, the Transmission Provider shall...(d) directing Local Balancing Authorities to implement voltage reductions, and (e) directing Load Serving Entities to curtail appropriate amounts of Load Modifying Resources.</p> <p>...The Load Shedding obligation of each Load</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				Operators to determine the format of the data provided (portal reports, XML, or both): i. MISO Balancing Authority Load Forecast; ii. Commitment status (each Generator); iii. Day-Ahead Schedules for all Resources; iv. Total Generation within applicable area assumed available for the RAC based upon Offers; v. Forecast commitment status used so that the Transmission Operator can determine what units are anticipated to be offline but available for the remaining part of the day; and vi. Binding constraints that impact the MISO Balancing Authority Area;	Serving Entity shall be implemented through instructions to the affected Local Balancing Authorities as set forth in the protocols of the Balancing Authority Agreement. the Transmission Provider shall declare an EEA Level 2 and shall mitigate, but not necessarily eliminate, the Operating Reserve deficiency through use of the following options... (e) directing Load Serving Entities to curtail appropriate amounts of Load Modifying Resources.
Entity 29	SERC	MISO	MISO	MISO Tariff above	MISO Tariff above
Entity 30	SERC	MISO	MISO	MISO Tariff above	MISO Tariff above
Entity 31	SPP	MISO	MISO	MISO Tariff above	MISO Tariff above
Entity 32	SPP	MISO	MISO	MISO Tariff above	MISO Tariff above

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
Entity 33	NPCC	NYISO	NYISO	<p><u>NYISO Tariff</u></p> <p>4.2.1 Condition Precedent for Receiving Service: Subject to the terms and conditions of Part 4 of this Tariff, the ISO will provide Network Integration Transmission Service to any Eligible Customer...(iv) the Eligible Customer executes a Network Operating Agreement with the ISO pursuant to Attachment G.</p> <p>4.2.2 Application A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including, but not limited to, the following... (iii) A description of the Network Load at each delivery point. This description should separately identify and provide the Eligible Customer's best estimate of the total Loads to be served at each transmission voltage level, and the Loads to be served from each Transmission Owner substation at the same transmission voltage level. The description should include a ten (10) year forecast of summer and winter Load and resource requirements beginning with the first year after the service is scheduled to commence;</p>	<p>4.6 Load Shedding and Curtailments</p> <p>4.6.1 Procedures: The ISO and the Transmission Owners shall maintain Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the NYS Transmission System.</p> <p>4.6.6 Load Shedding: To the extent that a system contingency exists on the NYS Transmission System and the ISO determines that it is necessary to shed load, the parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.</p> <p>4.2.2 Application A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including, but not limited to, the following...(iv) The amount and location of any interruptible Loads included in the Network Load. This shall include the summer and winter Capacity requirements for each interruptible Load (had such load not been interruptible), that portion of the Load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer Load (if any)</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				(iv) The amount and location of any interruptible Loads included in the Network Load. This shall include the summer and winter Capacity requirements for each interruptible Load (had such load not been interruptible), that portion of the Load subject to interruption, the conditions under which an interruption can be implemented and any limitations on the amount and frequency of interruptions. An Eligible Customer should identify the amount of interruptible customer Load (if any) included in the 10-year Load forecast provided in response to (iii) above;	included in the 10-year Load forecast provided in response to (iii) above. (See ----->)
Entity 34	NPCC	NYISO	NYISO	NYISO Tariff	NYISO Tariff above
Entity 35	NPCC	NYISO	NYISO	NYISO Tariff	NYISO Tariff above

Appendix E: Load-Serving Entity Alternative Sources of Authority for Reliability Tasks

Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
Entity 36	WECC	PacifiCorp	Peak Reliability	<p><u>PacifiCorp's Tariff</u></p> <p>Part III.31, Designation of Network Load, 0.0.0</p> <p>31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider's planning process in Attachment K. The Network Customer also shall provide the Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.</p>	<p>Part III.33, Load Shedding and Curtailments, 1.0.0</p> <p>III. NETWORK INTEGRATION TRANSMISSION SERVICE, 33 Load Shedding and Curtailments: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System and on systems directly and indirectly interconnected with Transmission Provider's Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.</p> <p>33.6 Load Shedding: To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.</p>

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Entity 37	WECC	PacifiCorp	Peak Reliability	PacifiCorp Tariff above < redacted excerpt from confidential agreement >	PacifiCorp Tariff above
Entity 38	RF	PJM	PJM	<p>PJM LSEs have executed the Reliability Assurance Agreement among Load Serving Entities in the PJM Region. This document details how the load will be reported and calculated.</p> <p>PJM Manual 19 Data Specifications: Load data supplied to Power Meter will reflect each entity’s total impact to the system, counting all customer demand once and only once, and will therefore need to properly account for system losses and flows. PJM will adjust loads for their assigned share of Extra High Voltage losses. LSEs providing load management impact estimates will adjust loads for system losses. Data are accepted in Power Meter in 0.001 MWh increments.</p> <p>Data Reporting Responsibility: It will be the responsibility of each PJM electric distribution company (EDC) with fully-metered tie flows to report hourly load data for its metered area(s), regardless of which</p>	<p>PJM Manual 13: Emergency Operations: Every effort is made to avoid interrupting system load. However, under certain operating conditions, it is necessary to curtail or interrupt customer load. PJM will work to interrupt the minimum amount of load necessary to adequately respond to the emergency. <u>The PJM dispatcher requests the local transmission dispatcher (or LSE or agent in the case of Load Management / LM programs) to curtail or interrupt customer load as necessary.</u> The PJM dispatcher has the absolute authority to order load dumping within the PJM RTO in order to preserve system reliability in accordance with NERC transmission Operations (TOP) standards and the PJM Operating Agreement (Section 1.6.2, “Scope of Services” and Section 1.7.11, “Emergencies”).</p> <p>This manual outlines the responsibilities of PJM and PJM Members (including directives to LSEs for load-shedding activities)</p> <p>PJM Manual 37: Reliability Coordination: PJM is responsible for...directing the operations of any PJM Members as necessary to manage, alleviate, or</p>

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				<p>entity is responsible for serving end-use customers. For all entities using network transmission service, it will be the responsibility of the signatory to the Network Integration Transmission Service Agreement to ensure that hourly load data are reported to PJM for its customers via PJM InSchedules.</p>	<p>end an emergency, including but not limited to emergency purchases/sales and load shedding. (pg. 4)</p> <p>F. Emergency Operations 1. PJM utilizes PJM Manual M-13, Emergency Operations, to direct its Members to return the transmission system to within IROL or SOL limits as soon as possible, but no longer than 30 minutes. This procedure includes the actions (e.g. reconfiguration, re-dispatch or load shedding) that PJM will direct until relief requested by the TLR process is achieved.</p> <p>< redacted excerpt from confidential agreement ></p>
Entity 39	WECC	Public Service Company of New Mexico	Peak Reliability	<p><u>PNM's Tariff</u></p> <p>31.6 Annual Load and Resource Information Updates: The Network Customer shall provide the Transmission Provider with annual updates of Network Load and Network Resource forecasts consistent with those included in its Application for Network Integration Transmission Service under Part III of the Tariff, including, but not limited to, any information provided under section 29.2(ix) pursuant to the Transmission Provider's planning process in Attachment K. The Network Customer also shall provide the</p>	<p>33, Load Shedding Curtailments, 1.0.0: 33.1 Procedures: Prior to the Service Commencement Date, the Transmission Provider and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the Network Operating Agreement with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when the Transmission Provider determines that a system contingency exists and such procedures are necessary to alleviate such contingency. The Transmission Provider will notify all affected Network Customers in a timely manner of any scheduled Curtailment.</p>

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Entity Name ¹	Regional Compliance Enforcement Authority	Balancing Authority	Reliability Coordinator	Real Time Load Information / Load Forecasting Excerpts	Load shedding / Curtailment Excerpts
				<p>Transmission Provider with timely written notice of material changes in any other information provided in its Application relating to the Network Customer's Network Load, Network Resources, its transmission system or other aspects of its facilities or operations affecting the Transmission Provider's ability to provide reliable service.</p> <p>< redacted excerpt from confidential agreement ></p>	<p>33.6 Load Shedding: To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Provider and the Network Customer to shed load, the Parties shall shed load in accordance with previously established procedures under the Network Operating Agreement.</p> <p>This LSE is a part of the Department of Energy.</p> <p>This NOA was executed in February 2003 with DOE-WAPA which is a power marketing agency.</p> <p>LOAD SHEDDING - Section 6.2 - Both parties shall have in place a coordinated under-frequency and undervoltage load shedding program to shed the necessary amount of load in each island area...the parties shall maintain manual load shedding plans for their individual systems and coordinate such plans to ensure optimal mutual benefit. . .WAPA system dispatchers shall follow directions when directed to implement manual load shedding for certain facilities.</p>
Entity 40	SPP	Southwest Power Pool	Southwest Power Pool	< redacted excerpt from confidential agreement >	The power supply agreement also addresses curtailment.