

## Agenda Board of Trustees

November 3, 2011 | 8:00 a.m.-Noon Eastern  
Westin Buckhead Atlanta  
3391 Peachtree Road, NE  
Atlanta, GA 30326  
404-365-0065

### **Introductions and Chair's Remarks**

### **NERC Antitrust Compliance Guidelines and Public Announcement**

#### **Consent Agenda\* — Approve**

1. **Minutes**
  - a. August 4, 2011 meeting
2. **Committee Membership Appointments and Changes**
  - a. Critical Infrastructure Protection Committee
  - b. Compliance and Certification Committee

#### **Regular Agenda**

3. **Comments by Commissioner John Norris**
4. **Comments by Commissioner Cheryl LaFleur**
5. **President's Report**
6. **Reliability Standards\*— Approve**
  - a. Project 2007-07 – Vegetation Management – FAC-003-2
  - b. Reliability Standards Development Plan 2012-2014
  - c. MOD-025-RFC-1: Reactive Power Capability
  - d. IRO-006-TRE-1: IROL and SOL Mitigation in the ERCOT Interconnection
  - e. PRC-006-SERC-1: Automatic Underfrequency Load Shedding (UFLS) Requirements
7. **NERC Rules of Procedure Nonsubstantive Capitalization and Definition Changes — Approve**
8. **Reinstatement of NERC Rules of Procedure Section 402.1.3.2 — Approve**
9. **Amendments to WECC Bylaws, and Reliability Standards Development Procedures — Approve**
10. **Spare Equipment Database — Accept**

11. **Bulk Electric System Definition Project — Review**
12. **Status of Action Items from NERC Three-Year ERO Performance Assessment — Review**
13. **Presentation by Tom Bowe, PJM Interconnection**
14. **Regulatory Update — Information**

**Standing Committee Reports (Agenda Item 15)\***

- a. [Compliance and Certification Committee](#)
- b. [Critical Infrastructure Protection Committee](#)
- c. [Member Representatives Committee](#)
- d. [Operating Committee](#)
- e. [Personnel Certification Governance Committee](#)
- f. [Planning Committee](#)
- g. [Standards Committee](#)
- h. [Electricity Sub-Sector Coordinating Council](#)

**Forum and Group Reports (Agenda Item 16)\***

- a. [North American Energy Standards Board](#)
- b. [Regional Entity Management Group](#)
- c. [North American Transmission Forum](#)
- d. [North American Generator Forum](#)

**Board Committee Reports**

17. **Corporate Governance and Human Resources**
  - a. Establishment of 457(b) Plan — **Approve**
18. **Compliance**
19. **Nominating**
20. **Finance and Audit**
  - a. Review and Accept Statement of Activities; Year End Projection — **Accept**
  - b. Risk Management Framework — **Approve**
21. **Standards Oversight and Technology**

\*Background materials included.

# Antitrust Compliance Guidelines

## I. General

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

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

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

## II. Prohibited Activities

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

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

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

### **III. Activities That Are Permitted**

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

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

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

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

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

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.

Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

## Draft Minutes Board of Trustees

August 4, 2011 | 8:00 a.m.-Noon PT  
Vancouver Marriott Pinnacle  
1128 West Hastings Street  
Vancouver, BC VE 4R5 Canada

Chair John Q. Anderson called to order a duly noticed meeting of the North American Electric Reliability Corporation Board of Trustees on August 4, 2011 at 8 a.m., local time, and a quorum was declared present. The Agenda and list of attendees are attached as **Exhibits A and B**, respectively.

### **NERC Antitrust Compliance Guidelines**

David Cook, senior vice president and general counsel, directed participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda.

### **Executive Session**

Chairman Anderson reported that, as is its custom, the board met in executive session before the open meeting, without the chief executive officer present, to review management activities.

### **Consent Agenda**

On motion of President and CEO Gerry Cauley, the board approved the consent agenda, as follows:

### **Minutes**

The board approved the following draft minutes (**Exhibit C**):

- May 24, 2011 Conference Call
- May 11, 2011 Meeting

### **Committee Membership Appointments and Charter Changes**

The board approved the proposed nominations to the membership of the Compliance and Certification, Operating, and Planning Committees (**Exhibit D**).

### **Future Meetings**

The slate of approved meetings dates is attached as **Exhibit E**.

## President's Report

In lieu of his standard President's Report, Mr. Cauley stated that he would be focusing on four main topics derived from the constructive conversations held at the Member Representatives Committee meeting held the prior day. The first item Mr. Cauley addressed was the Compliance Application Notices (CANs) Program. NERC staff will review and revise existing CANs to ensure they provide clear, concise guidance for auditors to use consistently across the Regions. Mr. Cauley stated a process guide document also is being developed to provide more transparency to the effort. The board will review the CAN process again in November.

Next, Mr. Cauley addressed the NERC Rules of Procedure changes that have been planned but were not effectively communicated to the industry. Mr. Cauley recommends reviewing the changes and separating them as non-substantive and substantive changes and adjusting deadlines accordingly providing then necessary avenues for posting and effective communication.

The third topic of discussion was the compliance enforcement initiative. Mr. Cauley observed that the initiative differentiates issues of noncompliance based on the level of potential risk to the reliability of the bulk power system. This new initiative is designed to refocus efforts on reliability excellence, eliminate undue regulatory burdens, streamline paperwork requirements, increase caseload processing, and encourage continued timely and thorough self-reporting and mitigation. Mr. Cauley stated that NERC was still on target for the late September filing, but acknowledges the communication around the initiative was deficient and he requests and welcomes input from the trades, commission, and industry stakeholders.

Finally, Mr. Cauley spoke to the Bulk Electric System Definition project. Mr. Cauley stated he has concerns based on the conversation during the Member Representatives Committee meeting. Mr. Cauley offered a motion to the board to direct the Standards Committee and the standard drafting team to consider feedback received during the meeting while drafting the Bulk Electric System standard, and to submit a draft of the proposed standard and technical justification to the board by September 9. Following discussion, the board approved the following resolution:

In furtherance of the Board's oversight of the standards development process and in anticipation of the Board's ultimate responsibility to determine whether the revised definition of "Bulk Electric System" that emerges from the standards development process should be approved and filed with the Federal Energy Regulatory Commission no later than January 25, 2012, as NERC's response to the directives in Order No. 743, the Board:

- (1) directs the Standards Committee and the Standard Drafting Team to consider the feedback heard at the August 4, 2011 board meeting regarding the development of the Bulk Electric System definition; and
- (2) further directs that the Standards Committee submit to the Board by September 9, 2011:
  - (a) the draft of the proposed Bulk Electric System definition as it exists on that date;

- (b) the best justification that the Standard Drafting Team has prepared to support the change in generator threshold from 20 MVA to 75 MVA; and
  - (c) an options paper that addresses possible options for moving forward with the development of the proposed definition and responding to the Commission by the January 25, 2012 deadline; and
- (3) expects the Standards Drafting Team to continue its work on the Bulk Electric System definition.

### **Reliability Standards**

Herb Schrayshuen, vice president and director of standards, gave a presentation on the Reliability Standards Program (**Exhibit F**) and presented the following items for board action.

### **Project 2006-02 – Assess Transmission Future Needs and Develop Transmission Plans**

On motion of Fred Gorbet, the board approved the following resolutions:

RESOLVED, that the board approves the TPL-001-2 – Transmission System Planning Performance Requirements Reliability Standard (**Exhibit G**);

FURTHER RESOLVED, that the board approves the associated implementation plan, which provides the following (**Exhibit H**):

- (a) An effective date for the requirements associated with establishing responsibility for conducting the assessments and maintaining the models (Requirements R1 and R7) effective the first day of the first calendar quarter 12 months after regulatory approval (or the first day of the first calendar quarter 12 months after board approval where regulatory approval is not required);
- (b) An effective date for the requirements associated with developing, performing, and or validating new and/or modified studies, methodologies, assessments, and procedures necessary to implement and meet the TPL-001-2 requirements and allow sufficient time to create a viable Corrective Action Plan (Requirements R2, R3, R4, R5, R6, and R8) effective 24 months after regulatory or board approval.
- (c) Retirement of the following standards at midnight of the day immediately prior to the effective date of TPL-001-2:
  - TPL-001-1
  - TPL-002-1b
  - TPL-003-1a
  - TPL-004-1



- TPL-005-0
- TPL-006-0.1

FURTHER RESOLVED, that the board approves the following new definitions included in the TPL-001-2 Reliability Standard, to become effective the first day of the first calendar quarter 12 months after applicable regulatory approval; where regulatory approval is not required, all five definitions to become effective 12 months after board adoption:

- Bus-tie Breaker
- Consequential Load Loss
- Long-Term Transmission Planning Horizon
- Non-Consequential Load Loss
- Planning Assessment

FURTHER RESOLVED, that the board approves the Violation Risk Factors and Violation Severity Levels for the proposed TPL-001-2 Reliability Standard (**Exhibit I**);

FURTHER RESOLVED, that NERC Staff shall make the appropriate filings with ERO governmental authorities.

#### **Project 2006-06 – Reliability Coordination**

On motion of Paul Barber, the board approved the following resolutions:

RESOLVED, that the board approves the IRO-002-3 – Reliability Coordination – Analysis Tools; the IRO-005-4 – Reliability Coordination – Current Day Operations; and the IRO-014-2 – Coordination Among Reliability Coordinators Reliability Standards (**Exhibit J**);

FURTHER RESOLVED, that the board approves the associated implementation plans, which provide the following (**Exhibit K**):

- (1) An effective date for IRO-002-3, IRO-005-4, and IRO-014-2 effective the first day of the first calendar quarter 12 months after applicable regulatory approval or where no regulatory approval is applicable, the first day of the first calendar quarter 12 months after Board of Trustees approval;
- (2) The retirement of IRO-002-2 at midnight of the day immediately prior to the effective date of IRO-002-3;
- (3) The retirement of IRO-005-3a at midnight the day immediately prior to the effective date of IRO-005-4;



- (4) The retirement of IRO-014-1, IRO-015-1, and IRO-016-1 at midnight the day immediately prior to the Effective Date of IRO-014-2.

FURTHER RESOLVED, that the board approves the revised definition of “Adverse Reliability Impact” included in the IRO-014-2 Reliability Standard;

FURTHER RESOLVED, that the board approves the Violation Risk Factors and Violation Severity Levels for the IRO-002-3, IRO-005-4, and IRO-014-2 Reliability Standards (**Exhibit L**);

FURTHER RESOLVED, that NERC Staff shall make the appropriate filings with ERO governmental authorities.

### **Planning Committee Strategic Plan and Charter**

Mark Lauby, vice president and director of reliability assessment and performance analysis reviewed the Planning Committee Strategic Plan and Charter (**Exhibit M**).

On motion of Ken Peterson, the board approved the following resolution:

WHEREAS, in December 2010, the Planning Committee appointed an *ad hoc* team to review the Planning Committee’s Strategic Plan and recommend changes needed to align activities with the NERC ERO enterprise’s strategic plan and top priority issues; and

WHEREAS, the Planning Committee approved the 2011-2016 Strategic Plan and resulting charter changes at its June 7-8, 2011 meeting;

RESOLVED, that the board approves the Planning Committee 2011-2016 Strategic Plan and the revised Planning Committee Charter, to replace the charter approved by the Board of Trustees on February 16, 2010.

### **Generating Availability Data System: Section 1600 Data Request**

Mr. Ben Crisp, gave a presentation on the Generating Availability Data System: Section 1600 Data Request (**Exhibit N**). Mr. Crisp reviewed the impacts to the grid, the performance analysis, and recommended the approval of the Section 1600 data request. On motion of Tom Berry, the board approved the following resolution:

WHEREAS, in June 2010, the Planning Committee created the Generating Availability Data System Task Force (“GADSTF”) to review and recommend the reporting by Generator Owners on NERC’s Compliance Registry of GADS data on a mandatory basis; and

WHEREAS, on March 21, 2011, NERC posted the proposal for mandatory reporting by Generator Owners for a 45-day public comment period as required by Section 1600 of NERC’s Rules of Procedure; and

WHEREAS, the GADSTF evaluated the 39 sets of comments received and made appropriate revisions to the proposal in light of the comments received and submitted its final recommendations and report to the Planning Committee; and

WHEREAS, on June 8, 2011, the Planning Committee endorsed the final recommendations and report by the GADSTF for consideration and approval by NERC's Board of Trustees;

RESOLVED, that the board approves the report *Generator Availability Data System: Mandatory Reporting of Conventional Generation Performance Data (Exhibit D)*, to be issued as a mandatory data and information request to Generator Owners on NERC's Compliance Registry under Section 1600 of the NERC Rules of Procedure.

#### **2011 Risk Assessment of Reliability Performance**

Mr. Lauby provided the 2011 Risk Assessment of Reliability Performance (**Exhibit O**) and recommended board approval. On motion of Tom Berry, the board approved the following resolution:

WHEREAS, NERC, in collaboration with the Reliability Metrics Working Group, the Transmission Availability Data System Working Group, the Generating Availability Data System Task Force, and the Event Analysis Working Group, jointly developed the *2011 Risk Assessment of Reliability Performance* report; and

WHEREAS, the Planning and Operating Committees endorsed the report on July 11, 2011 and July 19, 2011, respectively;

RESOLVED, that the board approves the *2011 Risk Assessment of Reliability Performance* report for use, among other things, as input to NERC's Reliability Standards and project prioritization, compliance process improvement, event analysis, reliability assessment, and critical infrastructure protection areas.

#### **Regional Delegation Agreement Metrics**

Dave Nevius, senior vice president, delivered a presentation on the Regional Delegation Agreement Metrics (**Exhibit P**) and recommended board approval. On motion of Paul Barber, the board approved the following resolution:

WHEREAS, NERC and the Regional Entities developed Regional Delegation Agreement Metrics as a first step in measuring how NERC and the Regional Entities carry out their respective roles under the Regional Delegation Agreements, Rules of Procedure, and applicable regulations,

RESOLVED, that the board approves the Regional Delegation Agreements Metrics for initial use by NERC and the Regional Entities.

## Standing Committee Reports

### Compliance and Certification Committee

Mr. Terry Bilke provided the Compliance and Certification Committee (CCC) report on behalf of Chair Clay Smith. Mr. Bilke referred to the written report (**Exhibit Q**) included in the Board's agenda package. Further, Mr. Bilke presented the Criteria for Annual Regional Entity Program Evaluation (**Exhibit R**) for board action.

On motion of Ken Peterson, the board approved the following resolutions:

RESOLVED, that the board approves the Criteria for Annual Regional Entity Program Evaluation CCCPP-010-1 for consideration in developing NERC's annual Regional Entity program evaluation.(Exhibit G-1);

FURTHER RESOLVED, that the board accepts the 2011 Summary Report of NERC Program Monitoring – Self Certifications (Exhibit G-2).

### Critical Infrastructure Protection Committee

Barry Lawson, chair, highlighted items from the committee's written report to the board (**Exhibit S**).

*Critical Infrastructure Strategic Initiative – Coordinated Action Plan Activities.* The CIPC, Operating Committee (OC) and Planning Committee (PC) officers and NERC staff continue to direct and manage the coordinated action plan activities as they relate to the recently created task forces. The committee leadership accomplishes this work via conference calls and in-person meetings as needed.

*Classified Briefing for CIPC and Other Industry Participants.* The CIPC and NERC staff continue to work with DHS and DOE staff to plan for a Secret level classified briefing for CIPC members and other industry participants in conjunction with the December 2011 CIPC meeting planned for Atlanta. We will work with our government partners to encourage the provision of quality take-away information that can be shared with industry outside of a classified environment. The efforts by DHS and DOE in this area are very much appreciated and further the goal of increasing the value of the public-private partnership.

*CIPC Executive Committee Review of Draft NERC Alerts.* The CIPC Executive Committee has reviewed and provided feedback to NERC staff on CIP-related draft Alerts. This industry stakeholder review provides NERC with beneficial and quick feedback on draft Alerts before they are finalized and issued to industry. We remain ready to provide requested feedback to NERC staff as needed on future draft Alerts.

*CIPC Continues to Provide a Venue for All Electricity Sector Entities to Discuss CIP Matters.* The CIPC meetings provide opportunity for significant and needed discussion on various critical infrastructure protection matters, including those related to the CIP standards,

copper theft, recent NERC Alerts, communications with government partners, and other physical, operational and cyber security areas of concern.

*CIPC Long-Term Strategic Plan.* The CIPC will begin work on developing a long-term strategic plan that will use similar plans from other standing committees as a guide/model. The goal is to have such a plan before the CIPC for approval in the first quarter of 2012.

#### **Member Representatives Committee**

Bill Gallagher, chair reported to the board a summary of the matters presented during the Member Representatives Committee.

#### **Operating Committee**

Tom Bowe, chair, opened his remarks extending his sincerest thanks to Mr. Sam Holeman for his outstanding leadership of the Operating Committee. Mr. Bowe referenced the lessons learned presented by Mr. Tom Galloway stating that the committee is very proud of the progress and work completed. Mr. Bowe ended his presentation stating further details on the actions of the committee can be found in their written report to the board (**Exhibit T**).

#### **Personnel Certification Governance Committee**

Jake Burger, chair, presented the report for the Personnel Certification Governance Committee stating that as of June 30, 2011 there were 6,000 certified associates, that the pass rate on the exams is at 69.8 percent, and there were 282 new credentials issued. The Exam Working Group is developing the next version of exams and are targeting a release during the first quarter 2012. Additional activities can be found in their written report (**Exhibit U**).

#### **Planning Committee**

Jeff Mitchell, chair, open his remarks extending his appreciation to Tom Burgess for his exemplary work with the Planning Committee. Mr. Mitchell stated the Gas Electric Interdependency Report would be reviewed at the Planning Committee meeting in September and that the committee was also working on the Post Winter Assessment Report.

#### **Standards Committee**

Allen Mosher, chair, stated he had no further items to review and had provided his comments during the Member Representatives Committee and Board of Trustees meetings on respective items.

#### **Electricity Sub-Sector Coordinating Council**

Gerry Cauley, chair, referred to the written report to the board (**Exhibit V**) and stated he had no further comments.

## Board Committee Reports

### Corporate Governance and Human Resources

Chair Janice Case provided a summary report of the Corporate Governance and Human Resources Committee (CGHRC) closed and open meetings held on August 3. Chair Case reviewed the proposed Workers, Retiree and Employee Recovery Act of 2008 Amendment requesting board approval and on motion of Roy Thilly the board approved the following resolution:

RESOLVED, that the board approves the proposed Workers, Retiree and Employee Recovery Act of 2008 Amendment to NERC's prototype 401(k) plan, as recommended by Vanguard (**Exhibit W**).

Chair Case also reviewed changes to Finance and Audit Committee mandate requesting board approval. On motion by Vicky Bailey the board approved the following resolution:

RESOLVED, that the board approves the proposed amendments to the mandate of the Finance and Audit Committee (**Exhibit X**).

### Nominating Committee

Chair David Goulding reported that the Nominating Committee will be producing a summary report and will bring to the Member Representatives Committee in December.

### Finance and Audit Committee

Chair Fred Gorbet stated he had two items for consideration (**Exhibits Y and Z**). Following discussion of the 2012 business plan and budget, on motion of Fred Gorbet, the board approved the following resolutions:

RESOLVED, that the Board of Trustees approves the following, substantially in the form presented:

- (1) the proposed NERC 2012 business plan and budget (Exhibit I-1);
- (2) the proposed 2012 business plans and budgets of the eight regional entities and the Western Interconnection Regional Advisory Board (Exhibit I-2); and
- (3) the proposed 2012 assessments to recover the costs of the approved 2012 budgets, subject to adjustments to reflect final NEL numbers (Exhibit I-3).

FURTHER RESOLVED, that management is directed to file the 2012 business plans, budgets and assessments with ERO governmental authorities, together with such additional explanatory material as is appropriate.

Chair Gorbet also reviewed the current status of the Risk Management Framework noting that a new committee will not be formed but that a subcommittee of the Finance and Audit Committee would be formed comprising Finance and Audit Committee members along with non-trustee members. The

framework will be put out for comment and reviewed during the Finance and Audit Committee conference call on October 27, 2011.

**Standards Oversight and Technology Committee**

Chair Peterson provided a brief review of the actions of the committee the day prior.

**Closing**

Chair Anderson thanked the industry for their attendance and their continued support. He reconfirmed that the policy input is beneficial to the board and requests that the industry members continue to submit their comments.

**Adjournment**

There being no further business, Chair Anderson terminated the meeting at 11:15 a.m.

Submitted by,



David N. Cook  
Corporate Secretary

**Critical Infrastructure Protection Committee  
 Membership Appointments and Changes**

**Action**

Approve the following committee membership appointments and changes.

**Officers**

- Chair Elect: Chuck Abell
- Vice Chair Elect: Jim Brenton, Nathan Mitchell

(Chair and Vice Chair positions effective January 1, 2012)

**CIPC Roster**

Representing	Name	Affiliation	Discipline
TRE	Jim Brenton	ERCOT	Cyber
TRE	David Grubbs	City of Garland	Operations
TRE	Scott Rosenberger	Luminent	Physical
FRCC	Paul McClay	TECO	Cyber
FRCC	Rich Powell	JEA	Physical
FRCC	Darren Myers	Progress	Operations
MRO	Marc Child	Great River	Cyber
MRO	Paul Crist	LES	Physical
MRO	Rick Liljegren	MN Power	Operations
NPCC	Mike Puscas	NU	Operations
NPCC	John Lim	ConEd	Cyber
NPCC	Benoit Tardif	HQ	Physical
RFC	Larry Bugh	RFC	Cyber
RFC	Kent Kujala	Detroit	Operations
RFC	Jeff Fuller	DPL	Physical
SERC	Chuck Abell	Ameren	Operations
SERC	Cark Eng	Dominion	Cyber
SERC	Mark Engels	Dominion	Physical
SPP	John Breckenridge	KCPL	Physical
SPP	Allen Klassen	Westar	Operations
SPP	Robert McClanahan	AECC	Cyber
WECC	Scott Bordenkircher	APS	Physical
WECC	Robert Matthews	PGE	Cyber
WECC	Jamie Sample	PGE	Operations
APPA	David Godfrey	TMPA	
APPA	Nathan Mitchell	APPA	
CEA	Chris McColm	Manitoba	
CEA	Ross Johnson	Capital Power	
NRECA	Robert Richhart	Hooser	
NRECA	Barry Lawson	NRECA	



**Compliance and Certification Committee  
Membership Appointment and Change**

**Action**

Approve the nomination to the Compliance and Certification Committee (CCC) of **Ms. Jana Van Ness** of Arizona Public Service to represent the Investor-Owned Utility sector for a three-year term beginning December 31, 2011.

**Summary and Background**

The CCC, a stakeholder Committee of NERC comprising 26 members representing various industry sectors, serves and reports directly to the NERC Board of Trustees. The CCC is responsible for engaging with, supporting, and advising the NERC Board and NERC Compliance staff regarding all facets of the NERC Compliance Monitoring and Enforcement Program, the NERC Organization Registration Program, and the NERC Organization Certification Program.

## Reliability Standards

### Action

Approve or discuss reliability standards and plans as follows:

- a. Project 2007-07 – Vegetation Management – FAC-003-2 — **Approve**
- b. Reliability Standards Development Plan 2012-2014 — **Approve**
- c. MOD-025-RFC-1: Reactive Power Capability — **Approve**
- d. IRO-006-TRE-1: IROL and SOL Mitigation in the ERCOT Interconnection — **Approve**
- e. PRC-006 –SERC-1 - Automatic Underfrequency Load Shedding (UFLS) Requirements — **Approve**

## 6a. Project 2007-07 Vegetation Management – FAC-003-2

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard FAC-003-2 - Transmission Vegetation Management** (FAC-003-2) effective consistent with the Implementation Plan for FAC-003-2  
[\[FAC-003-2-clean\]](#) [Redline not available due to extent of changes.]  
[\[Clean version of previously approved standard FAC-003\]](#)
- **Industry Proposed Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) for FAC-003-2:**

[Included in the Standard above] [Staff VSL proposal redlined against Industry Proposal-Sent as separate attachment]

### \*The Standards Staff has proposed alternative VSLs—discussion below

#### Implementation Plan for FAC-003-2: [\[Implementation Plan\]](#)

FAC-003-2 is proposed to be effective on the first day of the first calendar quarter one year after the date of regulatory approval in order to provide entities time to make revisions to their existing transmission vegetation management programs to comply with the new requirements.

- **Definitions:** [\[Definitions – Clean and Redline\]](#)

- Right-of-Way
- Vegetation Inspection
- Minimum Vegetation Clearance Distance (MCVD)

All three definitions become effective on the first day of the first calendar quarter one year after the date of regulatory approval.

- **Retirements:**

Retire the following at midnight of the day immediately prior to the effective date of FAC-003-2:

- FAC-003-1 Transmission Vegetation Management Program (FAC-003-1)
- Definition of Right-of-Way
- Definition of Vegetation Inspection

### Background

The currently approved vegetation management standard (FAC-003-1) was approved by the Commission in Order No. 693 on March 16, 2007. Project 2007-07 Vegetation Management was initiated on June 27, 2007 to review and modify FAC-003-1.

The proposed FAC-003-2 standard embodies a defense-in-depth approach to improve the reliability of the electric Transmission System by:

- Requiring that vegetation be managed to prevent vegetation encroachment inside the flash-over clearance;
- Requiring documentation of the maintenance strategies, procedures, processes, and specifications used to manage vegetation to prevent potential flash-over conditions including consideration of 1) conductor dynamics and 2) the interrelationships between vegetation growth rates, control methods, and the inspection frequency;
- Requiring timely notification to the appropriate control center of vegetation conditions that could cause a flash-over at any moment;
- Requiring corrective actions to ensure that flash-over distances will not be violated due to work constraints such as legal injunctions;
- Requiring annual inspections of vegetation conditions; and
- Requiring completion of the annual work needed to prevent flash-over.

The standard drafting team summarized the improvements to the standard from the previous version as follows:

- It removes the “fill-in-the-blank” ambiguity previously contained in FAC-003-1.
- It separates performance requirements (R1, R2, R4, R5, R6, and part of R7) from documentation requirements (R3 and the remainder of R7), and minimizes the burden of those documentation requirements.
- It has explicit and therefore clearer expectations to manage vegetation to: 1) prevent observable vegetation encroachments inside the Minimum Vegetation Clearance Distance (MVCD) and 2) prevent a confirmed Fault even in the absence of a Sustained Outage (R1, R2).
- It places more emphasis on those lines that pose the greatest risk to the reliability of the interconnected transmission system. This is accomplished by converting the previous FAC-003-1 R1 into the new R1 and R2 and assigning the high VRF to the more important lines in R1.
- It requires the management of vegetation to prevent encroachments by specific types, which are indicative of the quality of that management. Those quality-related encroachment types also allow more specificity for determining the severity level of a violation.
- It establishes a clear, industry proven method for calculating flash-over distance (clearance) that is not subject to external standards established for other purposes (through use of the Gallet Equations to establish the MVCD).
- It has an unambiguous expectation for Vegetation Inspection intervals.
- It separates inspections and communications of imminent threats into individual and clearer requirements that can be appropriately weighted by VRFs and VSLs (both of these items were previously addressed in sub-requirements of FAC-003-1 R1).

- It correctly moves reporting obligations from the requirements section (FAC-003-1 R3) to the Additional Compliance Information Section.
- It has additional supporting text in the Background, Rationale, and Guidelines and Technical Basis sections to aid the industry in using the standard and understanding conductor dynamics and the interrelationship of vegetation growth, inspection frequencies, and vegetation control methods.
- It requires vegetation be managed with equal rigor over all lands regardless of the ownership of those lands.

## Directives

The drafting team for Project 2007-07 Vegetation Management addressed eight directives from FERC Order No. 693. For a summary of the directives and the drafting team's responses, please see [Consideration of Issues and Directives](#) document.

## Standard Development Process

FAC-003-2 was processed through the normal standards development process, which included six postings for stakeholder comment over a three-year period, an initial ballot, a successive ballot, and a recirculation ballot. The changes made between comment periods improved the clarity of the requirements and modified other requirements. A comparison of the currently-approved version of the standard against the latest posted draft of the proposed standard results in some requirements that are more stringent, and others that are less stringent.

The drafting team prepared several documents to explain its rationale and justification for the approaches it took; however, there were several unresolved minority issues:

- The "Purpose" section of proposed FAC-003-2 focuses on managing vegetation on rights-of-way that could lead to cascading outages. Some commenters indicated the purpose in the already approved version of the standard is more appropriate as it includes preventing a wider range of vegetation related outages, and includes vegetation from outside rights-of-way that could impact transmission lines.
  - The team indicated that the ERO's responsibility is to develop standards that prevent cascading, uncontrolled separation, and instability.
- The proposed FAC-003-2 uses Gallet equations to define the Minimum Vegetation Clearance Distance (MVCD) referenced in Requirements R1, R2, R3, R5 and R7. While the Gallet equations identify a minimum flash-over clearance, some commenters expressed concern that defining the MVCD to be equal to the flash-over distance as determined by the Gallet equations does not provide any built in safety factor.
  - The team indicated that, while there is no explicit "margin" established in Requirement R3, the standard requires the entity to establish procedures it uses to prevent encroachments for all Ratings and Rated Operating Conditions, and that those procedures account for conductor movement and vegetation growth. This effectively replaces "Clearance 1" from the existing standard. Combined with R1 and R2, this obliges entities to maintain vegetation appropriately without using a one-size-fits-all approach.

- Some commenters felt the proposed Requirement R7 in FAC-003-2 is not enforceable as written. Requirement R7 sets the requirement for each Transmission Owner to complete 100 percent of its annual vegetation work plan; however, there is no requirement in FAC-003-2 for an entity to develop or have a documented annual plan for vegetation management. In addition, Requirement R7 provides a list of examples for modification to the “annual plan” providing entities with a number of reasons, such as contractor unavailability and changes in land ownership, for not completing 100 percent of the plan.
  - The team included the list of exemptions to ensure that Transmission Owners are not penalized for a failure to complete the work in their annual plan as long as the changes to the plan did not lead to any vegetation-related encroachments into the MVCD.
- Proposed Requirement R3 lacks specificity and requires entities to have “maintenance strategies or procedures or processes or specifications it uses to prevent the encroachment of vegetation into the MVCD of its applicable transmission lines” but does not require an entity to have a formal documented work plan for vegetation management.
  - The team interpreted Requirement R3 as a “results-based” requirement that specified “what” without specifying the details of “how”. As a results-based standard, this requirement focuses on what is needed without requiring an explicit format.
- The proposed FAC-003-2 excludes vegetation fall-ins and blow-ins from outside the right-of-way on the basis that they are not preventable, an assertion that some stated is incorrect as it does not account for situations where a Transmission Owner has the legal right to manage vegetation outside the defined right-of-way. Most (81 percent) of the vegetation-related sustained outages reported by Transmission Owners since 2008 have involved vegetation falling into transmission lines from outside the right-of-way.
  - The team did not include fall-ins from outside the right-of-way because not all Transmission Owners have legal access to manage vegetation outside the right-of-way. While it would be desirable to deal with all possible transgressions from outside the right-of-way, the uncertainty in forecasting when an apparently sound tree off the right-of-way may fall and the contentious nature of dealing with these trees makes a requirement to handle all of them impractical.
- The separation of IROL (any voltage level) and non-IROL (200 kV and above) Transmission Lines into separate requirements with different VRFs, which some stated to be inappropriate, and limiting of the NERC Compliance Monitoring and Enforcement Program (CMEP) by creating two separate requirements with similar purposes but covering different categories of equipment.
  - The team divided the requirements and the types of vegetation-related outages to bring the anticipated penalties in line with the reliability-related risk of different types of vegetation-related encroachments. This is consistent with FERC VRF Guideline 5.

- Some commenters stated the force majeure provisions are unnecessary and call into question whether NERC and the regions have enforcement discretion to take such things into account as part of the CMEP.
  - The team included the force majeure provisions to prevent Transmission Owners from having to develop burdensome self-reports of violations for conditions that were outside their control. Explicitly noting these concerns should not have any impact on enforcement discretion related to this or any other standard.

### **Proposed VRFs and VSLs**

The non-binding poll of the drafting team's proposed VRFs and VSLs achieved a quorum with 77 percent of those who registered to participate in providing an opinion and 79 percent of those who provided an opinion indicated support for the VRFs and VSLs that were proposed by the drafting team.

NERC's standards staff recommends approval of all the VRFs and all of the VSLs for Requirements R3 through R7 that were developed by the drafting team, but recommends approval of alternative VSLs developed by the standards staff for R1 and R2. Requirements R1 and R2 require management of vegetation to prevent encroachment into the MVCD and sustained outages from vegetation-related fall-ins, contacts from vegetation and lines blowing together, and contacts from vegetation growth. The drafting team proposed graduated VSLs for both Requirements R1 and R2 as follows:

- Lower VSL for encroachment into the MVCD without a sustained outage
- Medium VSL for a fall-in from within the right-of-way that leads to a sustained outage
- High VSL for a contact caused by vegetation and lines blowing together that leads to a sustained outage
- Severe VSL for a vegetation contact that leads to a sustained outage

The drafting team proposed that its VSLs indicate how poorly a vegetation management program met its goal of preventing encroachment into the MVCD, assuming that the vegetation management program includes different tasks, with different knowledge and skill requirements, and a failure to meet performance associated with more complex tasks would be a more severe indication of a program failure and should be assigned a higher VSL. The method of assigning VSLs proposed by the drafting team does not meet NERC's VSL guidelines. NERC's guidelines assign VSLs based on how well the performance measured meets the reliability-related intent of the associated requirement. In this case, the reliability intent of both R1 and R2 is to prevent encroachment into the MVCD.

The standards staff proposes a High VSL for failure to prevent encroachment into the MVCD that doesn't lead to a sustained outage and a Severe VSL for failure to manage vegetation that leads to any of the identified vegetation-related sustained outages.

- A High VSL represents noncompliant performance that misses a significant part of the reliability intent of the requirement. Each Transmission Owner establishes the MVCD and has an obligation under R1 and R2 to prevent vegetation from entering into this flashover distance. If vegetation does enter this MVCD, this indicates that the program wasn't managed to the point where it met its objective. While partial credit should be provided for preventing actual contact between vegetation and lines, the reliability



objective of preventing encroachment into the MVCD was missed by a significant margin.

- A Severe VSL represents noncompliant performance that totally or mostly misses the reliability intent of the requirement. In any situation where vegetation under the control of the transmission owner was not managed to the point where there was contact that led to a sustained outage, the reliability intent of the requirement was totally missed.

The staff proposed alternative VSLs were posted for stakeholder comment with the VSLs proposed by the drafting team from June 17-July 17, 2010. Forty-five sets of comments were submitted, representing views of more than 100 different people from over 50 companies, representing seven of the 10 industry segments. While some stakeholders did not indicate a preference for one set of VSLs over another, stakeholders overwhelmingly (by more than a two to one margin) indicated a preference for the VSLs proposed by the drafting team.

A link to the project history and files is included here for reference:

[http://www.nerc.com/filez/standards/Vegetation-Management\\_Project\\_2007-7.html](http://www.nerc.com/filez/standards/Vegetation-Management_Project_2007-7.html)

If trustees have questions or need additional information, they may contact Herb Schrayshuen at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net).

### **Standard Development Timeline**

*This section is maintained by the drafting team during the development of the standard and will be removed when the standard becomes effective.*

### **Development Steps Completed**

1. SC approved SAR for initial posting (January 11, 2007).
2. SAR posted for comment (January 15–February 14, 2007).
3. SAR posted for comment (April 10–May 9, 2007).
4. SC authorized moving the SAR forward to standard development (June 27, 2007).
5. First draft of proposed standard posted (October 27, 2008-November 25, 2008)).
6. Second draft of revised standard posted (September 10, 20-October 24, 2009).
7. Third draft of revised standard posted (March 1, 2010-March 31, 2010).
8. Fourth draft of revised standard posted (June 17, 2010-July 17, 2010).
9. Fifth draft of revised standard posted (February 18, 2011-February 28, 2011)
10. Sixth draft of revised standard posted (September xx - 2011)

### **Proposed Action Plan and Description of Current Draft**

This is the fourth posting of the proposed revisions to the standard in accordance with Results-Based Criteria and the sixth draft overall.

### **Future Development Plan**

<b>Anticipated Actions</b>	<b>Anticipated Date</b>
Recirculation ballot of standards.	September 2011
Receive BOT approval	November 2011

## **Effective Dates**

This standard becomes effective on the first calendar day of the first calendar quarter one year after the date of the order approving the standard from applicable regulatory authorities where such explicit approval is required. Where no regulatory approval is required, the standard becomes effective on the first calendar day of the first calendar quarter one year after Board of Trustees adoption.

Effective dates for individual lines when they undergo specific transition cases:

1. A line operated below 200kV, designated by the Planning Coordinator as an element of an Interconnection Reliability Operating Limit (IROL) or designated by the Western Electricity Coordinating Council (WECC) as an element of a Major WECC Transfer Path, becomes subject to this standard the latter of: 1) 12 months after the date the Planning Coordinator or WECC initially designates the line as being an element of an IROL or an element of a Major WECC Transfer Path, or 2) January 1 of the planning year when the line is forecast to become an element of an IROL or an element of a Major WECC Transfer Path.
2. A line operated below 200 kV currently subject to this standard as a designated element of an IROL or a Major WECC Transfer Path which has a specified date for the removal of such designation will no longer be subject to this standard effective on that specified date.
3. A line operated at 200 kV or above, currently subject to this standard which is a designated element of an IROL or a Major WECC Transfer Path and which has a specified date for the removal of such designation will be subject to Requirement R2 and no longer be subject to Requirement R1 effective on that specified date.
4. An existing transmission line operated at 200kV or higher which is newly acquired by an asset owner and which was not previously subject to this standard becomes subject to this standard 12 months after the acquisition date.
5. An existing transmission line operated below 200kV which is newly acquired by an asset owner and which was not previously subject to this standard becomes subject to this standard 12 months after the acquisition date of the line if at the time of acquisition the line is designated by the Planning Coordinator as an element of an IROL or by WECC as an element of a Major WECC Transfer Path.

**Version History**

<b>Version</b>	<b>Date</b>	<b>Action</b>	<b>Change Tracking</b>
1	TBA	<ol style="list-style-type: none"> <li>1. Added “Standard Development Roadmap.”</li> <li>2. Changed “60” to “Sixty” in section A, 5.2.</li> <li>3. Added “Proposed Effective Date: April 7, 2006” to footer.</li> <li>4. Added “Draft 3: November 17, 2005” to footer.</li> </ol>	01/20/06
1	April 4, 2007	Regulatory Approval — Effective Date	New
2			

### **Definitions of Terms Used in Standard**

*This section includes all newly defined or revised terms used in the proposed standard. Terms already defined in the Reliability Standards Glossary of Terms are not repeated here. New or revised definitions listed below become approved when the proposed standard is approved. When the standard becomes effective, these defined terms will be removed from the individual standard and added to the Glossary.*

#### **Right-of-Way (ROW)**

The corridor of land under a transmission line(s) needed to operate the line(s). The width of the corridor is established by engineering or construction standards as documented in either construction documents, pre-2007 vegetation maintenance records, or by the blowout standard in effect when the line was built. The ROW width in no case exceeds the Transmission Owner's legal rights but may be less based on the aforementioned criteria.

The current glossary definition of this NERC term is modified to address the issues set forth in Paragraph 734 of FERC Order 693.

#### **Vegetation Inspection**

The systematic examination of vegetation conditions on a Right-of-Way and those vegetation conditions under the Transmission Owner's control that are likely to pose a hazard to the line(s) prior to the next planned maintenance or inspection. This may be combined with a general line inspection.

The current glossary definition of this NERC term is modified to allow both maintenance inspections and vegetation inspections to be performed concurrently.

Current definition of Vegetation Inspection:  
The systematic examination of a transmission corridor to document vegetation conditions.

#### **Minimum Vegetation Clearance Distance (MVCD)**

The calculated minimum distance stated in feet (meters) to prevent flash-over between conductors and vegetation, for various altitudes and operating voltages.

*When this standard has received ballot approval, the text boxes will be moved to the Guideline and Technical Basis Section.*

## A. Introduction

1. **Title:** Transmission Vegetation Management
2. **Number:** FAC-003-2
3. **Purpose:** To maintain a reliable electric transmission system by using a defense-in-depth strategy to manage vegetation located on transmission rights of way (ROW) and minimize encroachments from vegetation located adjacent to the ROW, thus preventing the risk of those vegetation-related outages that could lead to Cascading.

### 4. Applicability

#### 4.1. Functional Entities:

##### 4.1.1 Transmission Owners

- 4.2. **Facilities:** Defined below (referred to as “applicable lines”), including but not limited to those that cross lands owned by federal<sup>1</sup>, state, provincial, public, private, or tribal entities:

4.2.1. Each overhead transmission line operated at 200kV or higher.

4.2.2. Each overhead transmission line operated below 200kV identified as an element of an IROL under NERC Standard FAC-014 by the Planning Coordinator.

4.2.3. Each overhead transmission line operated below 200 kV identified as an element of a Major WECC Transfer Path in the Bulk Electric System by WECC.

4.2.4. Each overhead transmission line identified above (4.2.1 through 4.2.3) located outside the fenced area of the switchyard, station or substation and any portion of the span of the transmission line that is crossing the substation fence.

**Rationale:** The areas excluded in 4.2.4 were excluded based on comments from industry for reasons summarized as follows: 1) There is a very low risk from vegetation in this area. Based on an informal survey, no TOs reported such an event. 2) Substations, switchyards, and stations have many inspection and maintenance activities that are necessary for reliability. Those existing process manage the threat. As such, the formal steps in this standard are not well suited for this environment. 3) NERC has a project in place to address at a later date the applicability of this standard to Generation Owners. 4) Specifically addressing the areas where the standard does and does not apply makes the standard clearer.

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<sup>1</sup> EPAAct 2005 section 1211c: “Access approvals by Federal agencies.”

**Enforcement:**

The Requirements within a Reliability Standard govern and will be enforced. The Requirements within a Reliability Standard define what an entity must do to be compliant and binds an entity to certain obligations of performance under Section 215 of the Federal Power Act. Compliance will in all cases be measured by determining whether a party met or failed to meet the Reliability Standard Requirement given the specific facts and circumstances of its use, ownership or operation of the bulk power system.

Measures provide guidance on assessing non-compliance with the Requirements. Measures are the evidence that could be presented to demonstrate compliance with a Reliability Standard Requirement and are not intended to contain the quantitative metrics for determining satisfactory performance nor to limit how an entity may demonstrate compliance if valid alternatives to demonstrating compliance are available in a specific case. A Reliability Standard may be enforced in the absence of specified Measures.

Entities must comply with the “Compliance” section in its entirety, including the Administrative Procedure that sets forth, among other things, reporting requirements.

The “Guideline and Technical Basis” section, the Background section and text boxes with “Examples” and “Rationale” are provided for informational purposes. They are designed to convey guidance from NERC’s various activities. The “Guideline and Technical Basis” section and text boxes with “Examples” and “Rationale” are not intended to establish new Requirements under NERC’s Reliability Standards or to modify the Requirements in any existing NERC Reliability Standard. Implementation of the “Guideline and Technical Basis” section, the Background section and text boxes with “Examples” and “Rationale” is not a substitute for compliance with Requirements in NERC’s Reliability Standards.”

**5. Background:**

This standard uses three types of requirements to provide layers of protection to prevent vegetation related outages that could lead to Cascading:

- a) Performance-based — defines a particular reliability objective or outcome to be achieved. In its simplest form, a results-based requirement has four components: *who, under what conditions (if any), shall perform what action, to achieve what particular bulk power system performance result or outcome?*
- b) Risk-based — preventive requirements to reduce the risks of failure to acceptable tolerance levels. A risk-based reliability requirement should be framed as: *who, under what conditions (if any), shall perform what action, to achieve what particular result or outcome that reduces a stated risk to the reliability of the bulk power system?*
- c) Competency-based — defines a minimum set of capabilities an entity needs to have to demonstrate it is able to perform its designated reliability functions. A competency-based reliability requirement should be framed as: *who, under what*



*conditions (if any), shall have what capability, to achieve what particular result or outcome to perform an action to achieve a result or outcome or to reduce a risk to the reliability of the bulk power system?*

The defense-in-depth strategy for reliability standards development recognizes that each requirement in a NERC reliability standard has a role in preventing system failures, and that these roles are complementary and reinforcing. Reliability standards should not be viewed as a body of unrelated requirements, but rather should be viewed as part of a portfolio of requirements designed to achieve an overall defense-in-depth strategy and comport with the quality objectives of a reliability standard.

This standard uses a defense-in-depth approach to improve the reliability of the electric Transmission system by:

- Requiring that vegetation be managed to prevent vegetation encroachment inside the flash-over clearance (R1 and R2);
- Requiring documentation of the maintenance strategies, procedures, processes and specifications used to manage vegetation to prevent potential flash-over conditions including consideration of 1) conductor dynamics and 2) the interrelationships between vegetation growth rates, control methods and the inspection frequency (R3);
- Requiring timely notification to the appropriate control center of vegetation conditions that could cause a flash-over at any moment (R4);
- Requiring corrective actions to ensure that flash-over distances will not be violated due to work constrains such as legal injunctions (R5);
- Requiring inspections of vegetation conditions to be performed annually (R6); and
- Requiring that the annual work needed to prevent flash-over is completed (R7).

For this standard, the requirements have been developed as follows:

- Performance-based: Requirements 1 and 2
- Competency-based: Requirement 3
- Risk-based: Requirements 4, 5, 6 and 7

R3 serves as the first line of defense by ensuring that entities understand the problem they are trying to manage and have fully developed strategies and plans to manage the problem. R1, R2, and R7 serve as the second line of defense by requiring that entities carry out their plans and manage vegetation. R6, which requires inspections, may be either a part of the first line of defense (as input into the strategies and plans) or as a third line of defense (as a check of the first and second lines of defense). R4 serves as the final line of defense, as it addresses cases in which all the other lines of defense have failed.

Major outages and operational problems have resulted from interference between overgrown vegetation and transmission lines located on many types of lands and ownership situations. Adherence to the standard requirements for applicable lines on any kind of land or easement, whether they are Federal Lands, state or provincial lands, public or private lands, franchises, easements or lands owned in fee, will reduce and manage this risk. For the purpose of the standard the term “public lands” includes municipal lands, village lands, city lands, and a host of other governmental entities.

This standard addresses vegetation management along applicable overhead lines and does not apply to underground lines, submarine lines or to line sections inside an electric station boundary.

This standard focuses on transmission lines to prevent those vegetation related outages that could lead to Cascading. It is not intended to prevent customer outages due to tree contact with lower voltage distribution system lines. For example, localized customer service might be disrupted if vegetation were to make contact with a 69kV transmission line supplying power to a 12kV distribution station. However, this standard is not written to address such isolated situations which have little impact on the overall electric transmission system.

Since vegetation growth is constant and always present, unmanaged vegetation poses an increased outage risk, especially when numerous transmission lines are operating at or near their Rating. This can present a significant risk of consecutive line failures when lines are experiencing large sags thereby leading to Cascading. Once the first line fails the shift of the current to the other lines and/or the increasing system loads will lead to the second and subsequent line failures as contact to the vegetation under those lines occurs. Conversely, most other outage causes (such as trees falling into lines, lightning, animals, motor vehicles, etc.) are not an interrelated function of the shift of currents or the increasing system loading. These events are not any more likely to occur during heavy system loads than any other time. There is no cause-effect relationship which creates the probability of simultaneous occurrence of other such events. Therefore these types of events are highly unlikely to cause large-scale grid failures. Thus, this standard places the highest priority on the management of vegetation to prevent vegetation growths.

## B. Requirements and Measures

**R1.** Each Transmission Owner shall manage vegetation to prevent encroachments into the MVCD of its applicable line(s) which are either an element of an IROL, or an element of a Major WECC Transfer Path; operating within its Rating and all Rated Electrical Operating Conditions of the types shown below<sup>2</sup> [*Violation Risk Factor: High*] [*Time Horizon: Real-time*]:

1. An encroachment into the MVCD as shown in FAC-003-Table 2, observed in Real-time, absent a Sustained Outage<sup>3</sup>,
2. An encroachment due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage<sup>4</sup>,
3. An encroachment due to the blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage<sup>4</sup>,
4. An encroachment due to vegetation growth into the MVCD that caused a vegetation-related Sustained Outage<sup>4</sup>.

### Rationale for R1 and R2:

Lines with the highest significance to reliability are covered in R1; all other lines are covered in R2.

Rationale for the types of failure to manage vegetation which are listed in order of increasing degrees of severity in non-compliant performance as it relates to a failure of a Transmission Owner's vegetation maintenance program:

1. This management failure is found by routine inspection or Fault event investigation, and is normally symptomatic of unusual conditions in an otherwise sound program.
2. This management failure occurs when the height and location of a side tree within the ROW is not adequately addressed by the program.
3. This management failure occurs when side growth is not adequately addressed and may be indicative of an unsound program.
4. This management failure is usually indicative of a program that is not addressing the most fundamental dynamic of vegetation management, (i.e. a grow-in under the line). If this type of failure is pervasive on multiple lines, it provides a mechanism for a Cascade.

<sup>2</sup> This requirement does not apply to circumstances that are beyond the control of a Transmission Owner subject to this reliability standard, including natural disasters such as earthquakes, fires, tornados, hurricanes, landslides, wind shear, fresh gale, major storms as defined either by the Transmission Owner or an applicable regulatory body, ice storms, and floods; human or animal activity such as logging, animal severing tree, vehicle contact with tree, or installation, removal, or digging of vegetation. Nothing in this footnote should be construed to limit the Transmission Owner's right to exercise its full legal rights on the ROW.

<sup>3</sup> If a later confirmation of a Fault by the Transmission Owner shows that a vegetation encroachment within the MVCD has occurred from vegetation within the ROW, this shall be considered the equivalent of a Real-time observation.

<sup>4</sup> Multiple Sustained Outages on an individual line, if caused by the same vegetation, will be reported as one outage regardless of the actual number of outages within a 24-hour period.

- M1.** Each Transmission Owner has evidence that it managed vegetation to prevent encroachment into the MVCD as described in R1. Examples of acceptable forms of evidence may include dated attestations, dated reports containing no Sustained Outages associated with encroachment types 2 through 4 above, or records confirming no Real-time observations of any MVCD encroachments. (R1)
- R2.** Each Transmission Owner shall manage vegetation to prevent encroachments into the MVCD of its applicable line(s) which are not either an element of an IROL, or an element of a Major WECC Transfer Path; operating within its Rating and all Rated Electrical Operating Conditions of the types shown below<sup>2</sup> [*Violation Risk Factor: Medium*] [*Time Horizon: Real-time*]:
1. An encroachment into the MVCD, observed in Real-time as shown in FAC-003-Table 2, absent a Sustained Outage<sup>3</sup>,
  2. An encroachment due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage<sup>4</sup>,
  3. An encroachment due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage<sup>4</sup>,
  4. An encroachment due to vegetation growth into the MVCD that caused a vegetation-related Sustained Outage<sup>4</sup>
- M2.** Each Transmission Owner has evidence that it managed vegetation to prevent encroachment into the MVCD as described in R2. Examples of acceptable forms of evidence may include dated attestations, dated reports containing no Sustained Outages associated with encroachment types 2 through 4 above, or records confirming no Real-time observations of any MVCD encroachments. (R2)

**R3.** Each Transmission Owner shall have documented maintenance strategies or procedures or processes or specifications it uses to prevent the encroachment of vegetation into the MVCD of its applicable lines that accounts for the following:

**3.1** Movement of applicable line conductors under their Rating and all Rated Electrical Operating Conditions;

**3.2** Inter-relationships between vegetation growth rates, vegetation control methods, and inspection frequency.

*[Violation Risk Factor: Lower] [Time Horizon: Long Term Planning]:*

**Rationale**

The documentation provides a basis for evaluating the competency of the Transmission Owner’s vegetation program. There may be many acceptable approaches to maintain clearances. Any approach must demonstrate that the Transmission Owner avoids vegetation-to-wire conflicts under all Ratings and all Rated Electrical Operating Conditions. See Figure 1 for an illustration of possible conductor locations.

**M3.** The maintenance strategies or procedures or processes or specifications provided demonstrate that the Transmission Owner can prevent encroachment into the MVCD considering the factors identified in the requirement. (R3)

**R4.** Each Transmission Owner, without any intentional time delay, shall notify the control center holding switching authority for the associated applicable line when the Transmission Owner has confirmed the existence of a vegetation condition that is likely to cause a Fault at any moment *[Violation Risk Factor: Medium] [Time Horizon: Real-time]*.

**Rationale**

This is to ensure expeditious communication between the Transmission Owner and the control center when a critical situation is confirmed.

**M4.** Each Transmission Owner that has a confirmed vegetation condition likely to cause a Fault at any moment will have evidence that it notified the control center holding switching authority for the associated transmission line without any intentional time delay. Examples of evidence may include control center logs, voice recordings, switching orders, clearance orders and subsequent work orders. (R4)

**R5.** When a Transmission Owner is constrained from performing vegetation work on an applicable line operating within its Rating and all Rated Electrical Operating Conditions, and the constraint may lead to a vegetation encroachment into the MVCD prior to the implementation of the next annual work plan, then the Transmission Owner shall take corrective action to ensure continued vegetation management to prevent encroachments [*Violation Risk Factor: Medium*] [*Time Horizon: Operations Planning*].

**Rationale**

Legal actions and other events may occur which result in constraints that prevent the Transmission Owner from performing planned vegetation maintenance work. In cases where the transmission line is put at potential risk due to constraints, the intent is for the Transmission Owner to put interim measures in place, rather than do nothing. The corrective action process is not intended to address situations where a planned work methodology cannot be performed but an alternate work methodology can be used.

**M5.** Each Transmission Owner has evidence of the corrective action taken for each constraint where an applicable transmission line was put at potential risk. Examples of acceptable forms of evidence may include initially-planned work orders, documentation of constraints from landowners, court orders, inspection records of increased monitoring, documentation of the de-rating of lines, revised work orders, invoices, or evidence that the line was de-energized. (R5)

**R6.** Each Transmission Owner shall perform a Vegetation Inspection of 100% of its applicable transmission lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.) at least once per calendar year and with no more than 18 calendar months between inspections on the same ROW<sup>5</sup> [*Violation Risk Factor: Medium*] [*Time Horizon: Operations Planning*].

**Rationale**

Inspections are used by Transmission Owners to assess the condition of the entire ROW. The information from the assessment can be used to determine risk, determine future work and evaluate recently-completed work. This requirement sets a minimum Vegetation Inspection frequency of once per calendar year but with no more than 18 months between inspections on the same ROW. Based upon average growth rates across North America and on common utility practice, this minimum frequency is reasonable. Transmission Owners should consider local and environmental factors that could warrant more frequent inspections.

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<sup>5</sup> When the Transmission Owner is prevented from performing a Vegetation Inspection within the timeframe in R6 due to a natural disaster, the TO is granted a time extension that is equivalent to the duration of the time the TO was prevented from performing the Vegetation Inspection.

**M6.** Each Transmission Owner has evidence that it conducted Vegetation Inspections of the transmission line ROW for all applicable lines at least once per calendar year but with no more than 18 calendar months between inspections on the same ROW. Examples of acceptable forms of evidence may include completed and dated work orders, dated invoices, or dated inspection records. (R6)

**R7.** Each Transmission Owner shall complete 100% of its annual vegetation work plan of applicable lines to ensure no vegetation encroachments occur within the MVCD. Modifications to the work plan in response to changing conditions or to findings from vegetation inspections may be made (provided they do not allow encroachment of vegetation into the MVCD) and must be documented. The percent completed calculation is based on the number of units actually completed divided by the number of units in the final amended plan (measured in units of choice - circuit, pole line, line miles or kilometers, etc.) Examples of reasons for modification to annual plan may include [*Violation Risk Factor: Medium*] [*Time Horizon: Operations Planning*]:

**Rationale**

This requirement sets the expectation that the work identified in the annual work plan will be completed as planned. It allows modifications to the planned work for changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors, provided that those modifications do not put the transmission system at risk of a vegetation encroachment.

- Change in expected growth rate/ environmental factors
- Circumstances that are beyond the control of a Transmission Owner<sup>6</sup>
- Rescheduling work between growing seasons
- Crew or contractor availability/ Mutual assistance agreements
- Identified unanticipated high priority work
- Weather conditions/Accessibility
- Permitting delays
- Land ownership changes/Change in land use by the landowner
- Emerging technologies

**M7.** Each Transmission Owner has evidence that it completed its annual vegetation work plan for its applicable lines. Examples of acceptable forms of evidence may include a copy of the completed annual work plan (as finally modified), dated work orders, dated invoices, or dated inspection records. (R7)

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<sup>6</sup> Circumstances that are beyond the control of a Transmission Owner include but are not limited to natural disasters such as earthquakes, fires, tornados, hurricanes, landslides, ice storms, floods, or major storms as defined either by the TO or an applicable regulatory body.

## C. Compliance

### 1. Compliance Monitoring Process

#### 1.1 Compliance Enforcement Authority

#### 1.2 Regional Entity Evidence Retention

The following evidence retention periods identify the period of time an entity is required to retain specific evidence to demonstrate compliance. For instances where the evidence retention period specified below is shorter than the time since the last audit, the Compliance Enforcement Authority may ask an entity to provide other evidence to show that it was compliant for the full time period since the last audit.

The Transmission Owner retains data or evidence to show compliance with Requirements R1, R2, R3, R5, R6 and R7, Measures M1, M2, M3, M5, M6 and M7 for three calendar years unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

The Transmission Owner retains data or evidence to show compliance with Requirement R4, Measure M4 for most recent 12 months of operator logs or most recent 3 months of voice recordings or transcripts of voice recordings, unless directed by its Compliance Enforcement Authority to retain specific evidence for a longer period of time as part of an investigation.

If a Transmission Owner is found non-compliant, it shall keep information related to the non-compliance until found compliant or for the time period specified above, whichever is longer.

The Compliance Enforcement Authority shall keep the last audit records and all requested and submitted subsequent audit records.

#### 1.3 Compliance Monitoring and Enforcement Processes:

Compliance Audit

Self-Certification

Spot Checking

Compliance Violation Investigation

Self-Reporting

Complaint

Periodic Data Submittal



## 1.4 Additional Compliance Information

***Periodic Data Submittal:*** The Transmission Owner will submit a quarterly report to its Regional Entity, or the Regional Entity's designee, identifying all Sustained Outages of applicable lines operated within their Rating and all Rated Electrical Operating Conditions as determined by the Transmission Owner to have been caused by vegetation, except as excluded in footnote 2, and including as a minimum the following:

- The name of the circuit(s), the date, time and duration of the outage; the voltage of the circuit; a description of the cause of the outage; the category associated with the Sustained Outage; other pertinent comments; and any countermeasures taken by the Transmission Owner.

A Sustained Outage is to be categorized as one of the following:

- Category 1A — Grow-ins: Sustained Outages caused by vegetation growing into applicable lines, that are identified as an element of an IROL or Major WECC Transfer Path, by vegetation inside and/or outside of the ROW;
- Category 1B — Grow-ins: Sustained Outages caused by vegetation growing into applicable lines, but are not identified as an element of an IROL or Major WECC Transfer Path, by vegetation inside and/or outside of the ROW;
- Category 2A — Fall-ins: Sustained Outages caused by vegetation falling into applicable lines that are identified as an element of an IROL or Major WECC Transfer Path, from within the ROW;
- Category 2B — Fall-ins: Sustained Outages caused by vegetation falling into applicable lines, but are not identified as an element of an IROL or Major WECC Transfer Path, from within the ROW;
- Category 3 — Fall-ins: Sustained Outages caused by vegetation falling into applicable lines from outside the ROW;
- Category 4A — Blowing together: Sustained Outages caused by vegetation and applicable lines that are identified as an element of an IROL or Major WECC Transfer Path, blowing together from within the ROW.
- Category 4B — Blowing together: Sustained Outages caused by vegetation and applicable lines, but are not identified as an element of an IROL or Major WECC Transfer Path, blowing together from within the ROW.

The Regional Entity will report the outage information provided by Transmission Owners, as per the above, quarterly to NERC, as well as any actions taken by the Regional Entity as a result of any of the reported Sustained Outages.

**Table of Compliance Elements**

R#	Time Horizon	VRF	Violation Severity Level			
			Lower	Moderate	High	Severe
R1	Real-time	High	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD observed in Real-time, absent a Sustained Outage.	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage.	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage.	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to a grow-in that caused a vegetation-related Sustained Outage.
R2	Real-time	Medium	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD observed in Real-time, absent a Sustained Outage.	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage.	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage.	The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to a grow-in that caused a vegetation-related Sustained Outage.
R3	Long-Term Planning	Lower		The Transmission Owner has maintenance strategies or documented procedures or processes or specifications but has not accounted for the inter-relationships between vegetation growth rates, vegetation control methods, and inspection frequency, for the Transmission Owner's	The Transmission Owner has maintenance strategies or documented procedures or processes or specifications but has not accounted for the movement of transmission line conductors under their Rating and all Rated Electrical Operating Conditions, for the Transmission Owner's	The Transmission Owner does not have any maintenance strategies or documented procedures or processes or specifications used to prevent the encroachment of vegetation into the MVCD, for the Transmission Owner's applicable lines.

				applicable lines. (Requirement R3, Part 3.2)	applicable lines. Requirement R3, Part 3.1)	
R4	Real-time	Medium			The Transmission Owner experienced a confirmed vegetation threat and notified the control center holding switching authority for that applicable line, but there was intentional delay in that notification.	The Transmission Owner experienced a confirmed vegetation threat and did not notify the control center holding switching authority for that applicable line.
R5	Operations Planning	Medium				The Transmission Owner did not take corrective action when it was constrained from performing planned vegetation work where an applicable line was put at potential risk.
R6	Operations Planning	Medium	The Transmission Owner failed to inspect 5% or less of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.)	The Transmission Owner failed to inspect more than 5% up to and including 10% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).	The Transmission Owner failed to inspect more than 10% up to and including 15% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).	The Transmission Owner failed to inspect more than 15% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).
R7	Operations Planning	Medium	The Transmission Owner failed to complete 5% or less of its annual vegetation work plan for its applicable lines (as finally modified).	The Transmission Owner failed to complete more than 5% and up to and including 10% of its annual vegetation work plan for its applicable lines (as finally modified).	The Transmission Owner failed to complete more than 10% and up to and including 15% of its annual vegetation work plan for its applicable lines (as finally modified).	The Transmission Owner failed to complete more than 15% of its annual vegetation work plan for its applicable lines (as finally modified).

D. Regional Differences

None.

E. Interpretations

None.

F. Associated Documents

Guideline and Technical Basis (attached).

## Guideline and Technical Basis

### Effective dates:

The first two sentences of the Effective Dates section is standard language used in most NERC standards to cover the general effective date and is sufficient to cover the vast majority of situations. Five special cases are needed to cover effective dates for individual lines which undergo transitions after the general effective date. These special cases cover the effective dates for those lines which are initially becoming subject to the standard, those lines which are changing their applicability within the standard, and those lines which are changing in a manner that removes their applicability to the standard.

Case 1 is needed because the Planning Coordinators may designate lines below 200 kV to become elements of an IROL or Major WECC Transfer Path in a future Planning Year (PY). For example, studies by the Planning Coordinator in 2011 may identify a line to have that designation beginning in PY 2021, ten years after the planning study is performed. It is not intended for the Standard to be immediately applicable to, or in effect for, that line until that future PY begins. The effective date provision for such lines ensures that the line will become subject to the standard on January 1 of the PY specified with an allowance of at least 12 months for the Transmission Owner to make the necessary preparations to achieve compliance on that line. The table below has some explanatory examples of the application.

<u>Date that Planning Study is completed</u>	<u>PY the line will become an IROL element</u>	<u>Date 1</u>	<u>Date 2</u>	<u>Effective Date The latter of Date 1 or Date 2</u>
05/15/2011	2012	05/15/2012	01/01/2012	05/15/2012
05/15/2011	2013	05/15/2012	01/01/2013	01/01/2013
05/15/2011	2014	05/15/2012	01/01/2014	01/01/2014
05/15/2011	2021	05/15/2012	01/01/2021	01/01/2021

Case 2 is needed because a line operating below 200kV designated as an element of an IROL or Major WECC Transfer Path may be removed from that designation due to system improvements, changes in generation, changes in loads or changes in studies and analysis of the network.

Case 3 is needed because a line operating at 200 kV or above that once was designated as an element of an IROL or Major WECC Transfer Path may be removed from that designation due to system improvements, changes in generation, changes in loads or changes in studies and analysis of the network. Such changes result in the need to apply R1 to that line until that date is reached and then to apply R2 to that line thereafter.

Case 4 is needed because an existing line that is to be operated at 200 kV or above can be acquired by a Transmission Owner from a third party such as a Distribution Provider or other end-user who was using the line solely for local distribution purposes, but the Transmission Owner, upon acquisition, is incorporating the line into the interconnected electrical energy transmission network which will thereafter make the line subject to the standard.

Case 5 is needed because an existing line that is operated below 200 kV can be acquired by a Transmission Owner from a third party such as a Distribution Provider or other end-user who was using the line solely for local distribution purposes, but the Transmission owner, upon acquisition, is incorporating the line into the interconnected electrical energy transmission network. In this special case the line upon acquisition was designated as an element of an Interconnection Reliability Operating Limit (IROL) or an element of a Major WECC Transfer Path.

### **Defined Terms:**

#### **Explanation for revising the definition of ROW:**

The current NERC glossary definition of Right of Way has been modified to address the matter set forth in Paragraph 734 of FERC Order 693. The Order pointed out that Transmission Owners may in some cases own more property or rights than are needed to reliably operate transmission lines. This modified definition represents a slight but significant departure from the strict legal definition of “right of way” in that this definition is based on engineering and construction considerations that establish the width of a corridor from a technical basis. The pre-2007 maintenance records are included in the revised definition to allow the use of such vegetation widths if there were no engineering or construction standards that referenced the width of right of way to be maintained for vegetation on a particular line but the evidence exists in maintenance records for a width that was in fact maintained prior to this standard becoming mandatory. Such widths may be the only information available for lines that had limited or no vegetation easement rights and were typically maintained primarily to ensure public safety. This standard does not require additional easement rights to be purchased to satisfy a minimum right of way width that did not exist prior to this standard becoming mandatory.

**Explanation for revising the definition of Vegetation Inspections:**

The current glossary definition of this NERC term is being modified to allow both maintenance inspections and vegetation inspections to be performed concurrently. This allows potential efficiencies, especially for those lines with minimal vegetation and/or slow vegetation growth rates.

**Explanation of the definition of the MVCD:**

The MVCD is a calculated minimum distance that is derived from the Gallet Equations. This is a method of calculating a flash over distance that has been used in the design of high voltage transmission lines. Keeping vegetation away from high voltage conductors by this distance will prevent voltage flash-over to the vegetation. See the explanatory text below for Requirement R3 and associated Figure 1. Table 2 below provides MVCD values for various voltages and altitudes. Details of the equations and an example calculation are provided in Appendix 1 of the Technical Reference Document.

**Requirements R1 and R2:**

R1 and R2 are performance-based requirements. The reliability objective or outcome to be achieved is the management of vegetation such that there are no vegetation encroachments within a minimum distance of transmission lines. Content-wise, R1 and R2 are the same requirements; however, they apply to different Facilities. Both R1 and R2 require each Transmission Owner to manage vegetation to prevent encroachment within the MVCD of transmission lines. R1 is applicable to lines that are identified as an element of an IROL or Major WECC Transfer Path. R2 is applicable to all other lines that are not elements of IROLs, and not elements of Major WECC Transfer Paths.

The separation of applicability (between R1 and R2) recognizes that inadequate vegetation management for an applicable line that is an element of an IROL or a Major WECC Transfer Path is a greater risk to the interconnected electric transmission system than applicable lines that are not elements of IROLs or Major WECC Transfer Paths. Applicable lines that are not elements of IROLs or Major WECC Transfer Paths do require effective vegetation management, but these lines are comparatively less operationally significant. As a reflection of this difference in risk impact, the Violation Risk Factors (VRFs) are assigned as High for R1 and Medium for R2.

Requirements R1 and R2 state that if inadequate vegetation management allows vegetation to encroach within the MVCD distance as shown in Table 2, it is a violation of the standard. Table 2 distances are the minimum clearances that will prevent spark-over based on the Gallet equations as described more fully in the Technical Reference document.

These requirements assume that transmission lines and their conductors are operating within their Rating. If a line conductor is intentionally or inadvertently operated beyond its Rating and Rated Electrical Operating Condition (potentially in violation of other standards), the occurrence of a clearance encroachment may occur solely due to that condition. For example, emergency actions taken by a Transmission Operator or Reliability Coordinator to protect an Interconnection may cause excessive sagging and an outage.

Another example would be ice loading beyond the line's Rating and Rated Electrical Operating Condition. Such vegetation-related encroachments and outages are not violations of this standard.

Evidence of failures to adequately manage vegetation include real-time observation of a vegetation encroachment into the MVCD (absent a Sustained Outage), or a vegetation-related encroachment resulting in a Sustained Outage due to a fall-in from inside the ROW, or a vegetation-related encroachment resulting in a Sustained Outage due to the blowing together of the lines and vegetation located inside the ROW, or a vegetation-related encroachment resulting in a Sustained Outage due to a grow-in. Faults which do not cause a Sustained outage and which are confirmed to have been caused by vegetation encroachment within the MVCD are considered the equivalent of a Real-time observation for violation severity levels.

With this approach, the VSLs for R1 and R2 are structured such that they directly correlate to the severity of a failure of a Transmission Owner to manage vegetation and to the corresponding performance level of the Transmission Owner's vegetation program's ability to meet the objective of "preventing the risk of those vegetation related outages that could lead to Cascading." Thus violation severity increases with a Transmission Owner's inability to meet this goal and its potential of leading to a Cascading event. The additional benefits of such a combination are that it simplifies the standard and clearly defines performance for compliance. A performance-based requirement of this nature will promote high quality, cost effective vegetation management programs that will deliver the overall end result of improved reliability to the system.

Multiple Sustained Outages on an individual line can be caused by the same vegetation. For example initial investigations and corrective actions may not identify and remove the actual outage cause then another outage occurs after the line is re-energized and previous high conductor temperatures return. Such events are considered to be a single vegetation-related Sustained Outage under the standard where the Sustained Outages occur within a 24 hour period.

The MVCD is a calculated minimum distance stated in feet (or meters) to prevent spark-over, for various altitudes and operating voltages that is used in the design of Transmission Facilities. Keeping vegetation from entering this space will prevent transmission outages.

If the Transmission Owner has applicable lines operated at nominal voltage levels not listed in Table 2, then the TO should use the next largest clearance distance based on the next highest nominal voltage in the table to determine an acceptable distance.



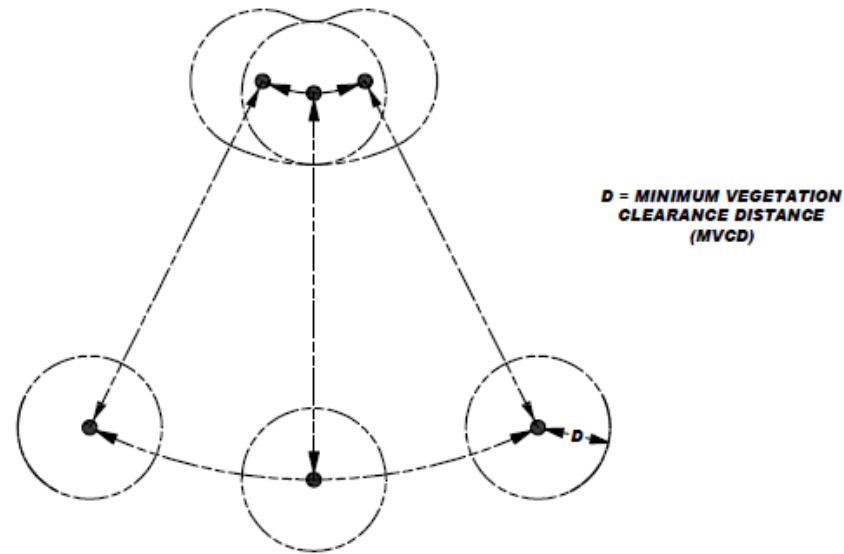
**Requirement R3:** R3 is a competency based requirement concerned with the maintenance strategies, procedures, processes, or specifications, a Transmission Owner uses for vegetation management.

An adequate transmission vegetation management program formally establishes the approach the Transmission Owner uses to plan and perform vegetation work to prevent transmission Sustained Outages and minimize risk to the transmission system. The approach provides the basis for evaluating the intent, allocation of appropriate resources, and the competency of the Transmission Owner in managing vegetation. There are many acceptable approaches to manage vegetation and avoid Sustained Outages. However, the Transmission Owner must be able to show the documentation of its approach and how it conducts work to maintain clearances.

An example of one approach commonly used by industry is ANSI Standard A300, part 7. However, regardless of the approach a utility uses to manage vegetation, any approach a Transmission Owner chooses to use will generally contain the following elements:

1. *the maintenance strategy used (such as minimum vegetation-to-conductor distance or maximum vegetation height) to ensure that MVCD clearances are never violated.*
2. *the work methods that the Transmission Owner uses to control vegetation*
3. *a stated Vegetation Inspection frequency*
4. *an annual work plan*

The conductor's position in space at any point in time is continuously changing in reaction to a number of different loading variables. Changes in vertical and horizontal conductor positioning are the result of thermal and physical loads applied to the line. Thermal loading is a function of line current and the combination of numerous variables influencing ambient heat dissipation including wind velocity/direction, ambient air temperature and precipitation. Physical loading applied to the conductor affects sag and sway by combining physical factors such as ice and wind loading. The movement of the transmission line conductor and the MVCD is illustrated in Figure 1 below. In the Technical Reference document more figures and explanations of conductor dynamics are provided.



**Figure 1**

A cross-section view of a single conductor at a given point along the span is shown with six possible conductor positions due to movement resulting from thermal and mechanical loading.

**Requirement R4:**

R4 is a risk-based requirement. It focuses on preventative actions to be taken by the Transmission Owner for the mitigation of Fault risk when a vegetation threat is confirmed. R4 involves the notification of potentially threatening vegetation conditions, without any intentional delay, to the control center holding switching authority for that specific transmission line. Examples of acceptable unintentional delays may include communication system problems (for example, cellular service or two-way radio disabled), crews located in remote field locations with no communication access, delays due to severe weather, etc.

Confirmation is key that a threat actually exists due to vegetation. This confirmation could be in the form of a Transmission Owner’s employee who personally identifies such a threat in the field. Confirmation could also be made by sending out an employee to evaluate a situation reported by a landowner.

Vegetation-related conditions that warrant a response include vegetation that is near or encroaching into the MVCD (a grow-in issue) or vegetation that could fall into the transmission conductor (a fall-in issue). A knowledgeable verification of the risk would include an assessment of the possible sag or movement of the conductor while operating between no-load conditions and its rating.

The Transmission Owner has the responsibility to ensure the proper communication between field personnel and the control center to allow the control center to take the appropriate action until or as the vegetation threat is relieved. Appropriate actions may include a temporary reduction in the line loading, switching the line out of service, or other preparatory actions in recognition of the increased risk of outage on that circuit. The notification of the threat should be communicated in terms of minutes or hours as opposed to a longer time frame for corrective action plans (see R5).

All potential grow-in or fall-in vegetation-related conditions will not necessarily cause a Fault at any moment. For example, some Transmission Owners may have a danger tree identification program that identifies trees for removal with the potential to fall near the line. These trees would not require notification to the control center unless they pose an immediate fall-in threat.

**Requirement R5:**

R5 is a risk-based requirement. It focuses upon preventative actions to be taken by the Transmission Owner for the mitigation of Sustained Outage risk when temporarily constrained from performing vegetation maintenance. The intent of this requirement is to deal with situations that prevent the Transmission Owner from performing planned vegetation management work and, as a result, have the potential to put the transmission line at risk. Constraints to performing vegetation maintenance work as planned could result from legal injunctions filed by property owners, the discovery of easement stipulations which limit the Transmission Owner's rights, or other circumstances.

This requirement is not intended to address situations where the transmission line is not at potential risk and the work event can be rescheduled or re-planned using an alternate work methodology. For example, a land owner may prevent the planned use of chemicals on non-threatening, low growth vegetation but agree to the use of mechanical clearing. In this case the Transmission Owner is not under any immediate time constraint for achieving the management objective, can easily reschedule work using an alternate approach, and therefore does not need to take interim corrective action.

However, in situations where transmission line reliability is potentially at risk due to a constraint, the Transmission Owner is required to take an interim corrective action to mitigate the potential risk to the transmission line. A wide range of actions can be taken to address various situations. General considerations include:

- Identifying locations where the Transmission Owner is constrained from performing planned vegetation maintenance work which potentially leaves the transmission line at risk.

- Developing the specific action to mitigate any potential risk associated with not performing the vegetation maintenance work as planned.
- Documenting and tracking the specific action taken for the location.
- In developing the specific action to mitigate the potential risk to the transmission line the Transmission Owner could consider location specific measures such as modifying the inspection and/or maintenance intervals. Where a legal constraint would not allow any vegetation work, the interim corrective action could include limiting the loading on the transmission line.
- The Transmission Owner should document and track the specific corrective action taken at each location. This location may be indicated as one span, one tree or a combination of spans on one property where the constraint is considered to be temporary.

**Requirement R6:**

R6 is a risk-based requirement. This requirement sets a minimum time period for completing Vegetation Inspections. The provision that Vegetation Inspections can be performed in conjunction with general line inspections facilitates a Transmission Owner's ability to meet this requirement. However, the Transmission Owner may determine that more frequent vegetation specific inspections are needed to maintain reliability levels, based on factors such as anticipated growth rates of the local vegetation, length of the local growing season, limited ROW width, and local rainfall. Therefore it is expected that some transmission lines may be designated with a higher frequency of inspections.

The VSLs for Requirement R6 have levels ranked by the failure to inspect a percentage of the applicable lines to be inspected. To calculate the appropriate VSL the Transmission Owner may choose units such as: circuit, pole line, line miles or kilometers, etc.

For example, when a Transmission Owner operates 2,000 miles of applicable transmission lines this Transmission Owner will be responsible for inspecting all the 2,000 miles of lines at least once during the calendar year. If one of the included lines was 100 miles long, and if it was not inspected during the year, then the amount failed to inspect would be  $100/2000 = 0.05$  or 5%. The "Low VSL" for R6 would apply in this example.

**Requirement R7:**

R7 is a risk-based requirement. The Transmission Owner is required to complete its an annual work plan for vegetation management to accomplish the purpose of this standard. Modifications to the work plan in response to changing conditions or to findings from vegetation inspections may be made and documented provided they do not put the transmission system at risk. The annual work plan requirement is not intended to necessarily require a “span-by-span”, or even a “line-by-line” detailed description of all work to be performed. It is only intended to require that the Transmission Owner provide evidence of annual planning and execution of a vegetation management maintenance approach which successfully prevents encroachment of vegetation into the MVCD.

For example, when a Transmission Owner identifies 1,000 miles of applicable transmission lines to be completed in the Transmission Owner’s annual plan, the Transmission Owner will be responsible completing those identified miles. If a Transmission Owner makes a modification to the annual plan that does not put the transmission system at risk of an encroachment the annual plan may be modified. If 100 miles of the annual plan is deferred until next year the calculation to determine what percentage was completed for the current year would be:  $1000 - 100$  (deferred miles) = 900 modified annual plan, or  $900 / 900 = 100\%$  completed annual miles. If a Transmission Owner only completed 875 of the total 1000 miles with no acceptable documentation for modification of the annual plan the calculation for failure to complete the annual plan would be:  $1000 - 875 = 125$  miles failed to complete then,  $125$  miles (not completed) /  $1000$  total annual plan miles =  $12.5\%$  failed to complete.

The ability to modify the work plan allows the Transmission Owner to change priorities or treatment methodologies during the year as conditions or situations dictate. For example recent line inspections may identify unanticipated high priority work, weather conditions (drought) could make herbicide application ineffective during the plan year, or a major storm could require redirecting local resources away from planned maintenance. This situation may also include complying with mutual assistance agreements by moving resources off the Transmission Owner’s system to work on another system. Any of these examples could result in acceptable deferrals or additions to the annual work plan provided that they do not put the transmission system at risk of a vegetation encroachment.

In general, the vegetation management maintenance approach should use the full extent of the Transmission Owner’s easement, fee simple and other legal rights allowed. A comprehensive approach that exercises the full extent of legal rights on the ROW is superior to incremental management because in the long term it reduces the overall potential for encroachments, and it ensures that future planned work and future planned inspection cycles are sufficient.

When developing the annual work plan the Transmission Owner should allow time for procedural requirements to obtain permits to work on federal, state, provincial, public, tribal lands. In some cases the lead time for obtaining permits may necessitate preparing work plans more than a year prior to work start dates. Transmission Owners may also need to consider those special landowner requirements as documented in easement instruments.

This requirement sets the expectation that the work identified in the annual work plan will be completed as planned. Therefore, deferrals or relevant changes to the annual plan shall be documented. Depending on the planning and documentation format used by the Transmission Owner, evidence of successful annual work plan execution could consist of signed-off work orders, signed contracts, printouts from work management systems, spreadsheets of planned versus completed work, timesheets, work inspection reports, or paid invoices. Other evidence may include photographs, and walk-through reports.

**FAC-003 — TABLE 2 — Minimum Vegetation Clearance Distances (MVCD)<sup>7</sup>  
For Alternating Current Voltages (feet)**

( AC ) Nominal System Voltage (KV)	( AC ) Maximum System Voltage (kV) <sup>8</sup>	MVCD (feet)  Over sea level up to 500 ft	MVCD (feet)  Over 500 ft up to 1000 ft	MVCD feet  Over 1000 ft up to 2000 ft	MVCD feet  Over 2000 ft up to 3000 ft	MVCD feet  Over 3000 ft up to 4000 ft	MVCD feet  Over 4000 ft up to 5000 ft	MVCD feet  Over 5000 ft up to 6000 ft	MVCD feet  Over 6000 ft up to 7000 ft	MVCD feet  Over 7000 ft up to 8000 ft	MVCD feet  Over 8000 ft up to 9000 ft	MVCD feet  Over 9000 ft up to 10000 ft	MVCD feet  Over 10000 ft up to 11000 ft
765	800	8.2ft	8.33ft	8.61ft	8.89ft	9.17ft	9.45ft	9.73ft	10.01ft	10.29ft	10.57ft	10.85ft	11.13ft
500	550	5.15ft	5.25ft	5.45ft	5.66ft	5.86ft	6.07ft	6.28ft	6.49ft	6.7ft	6.92ft	7.13ft	7.35ft
345	362	3.19ft	3.26ft	3.39ft	3.53ft	3.67ft	3.82ft	3.97ft	4.12ft	4.27ft	4.43ft	4.58ft	4.74ft
287	302	3.88ft	3.96ft	4.12ft	4.29ft	4.45ft	4.62ft	4.79ft	4.97ft	5.14ft	5.32ft	5.50ft	5.68ft
230	242	3.03ft	3.09ft	3.22ft	3.36ft	3.49ft	3.63ft	3.78ft	3.92ft	4.07ft	4.22ft	4.37ft	4.53ft
161*	169	2.05ft	2.09ft	2.19ft	2.28ft	2.38ft	2.48ft	2.58ft	2.69ft	2.8ft	2.91ft	3.03ft	3.14ft
138*	145	1.74ft	1.78ft	1.86ft	1.94ft	2.03ft	2.12ft	2.21ft	2.3ft	2.4ft	2.49ft	2.59ft	2.7ft
115*	121	1.44ft	1.47ft	1.54ft	1.61ft	1.68ft	1.75ft	1.83ft	1.91ft	1.99ft	2.07ft	2.16ft	2.25ft
88*	100	1.18ft	1.21ft	1.26ft	1.32ft	1.38ft	1.44ft	1.5ft	1.57ft	1.64ft	1.71ft	1.78ft	1.86ft
69*	72	0.84ft	0.86ft	0.90ft	0.94ft	0.99ft	1.03ft	1.08ft	1.13ft	1.18ft	1.23ft	1.28ft	1.34ft

\* Such lines are applicable to this standard only if PC has determined such per FAC-014 (refer to the Applicability Section above)

<sup>7</sup> The distances in this Table are the minimums required to prevent Flash-over; however prudent vegetation maintenance practices dictate that substantially greater distances will be achieved at time of vegetation maintenance.

<sup>8</sup> Where applicable lines are operated at nominal voltages other than those listed, The Transmission Owner should use the maximum system voltage to determine the appropriate clearance for that line.

**TABLE 2 (CONT) — Minimum Vegetation Clearance Distances (MVCD)<sup>7</sup>  
For Alternating Current Voltages (meters)**

( AC ) Nominal System Voltage (KV)	( AC ) Maximum System Voltage <sup>8</sup> (kV)	MVCD meters  Over sea level up to 152.4 m	MVCD meters  Over 152.4 m up to 304.8 m	MVCD meters  Over 304.8 m up to 609.6m	MVCD meters  Over 609.6m up to 914.4m	MVCD meters  Over 914.4m up to 1219.2m	MVCD meters  Over 1219.2m up to 1524m	MVCD meters  Over 1524 m up to 1828.8 m	MVCD meters  Over 1828.8m up to 2133.6m	MVCD meters  Over 2133.6m up to 2438.4m	MVCD meters  Over 2438.4m up to 2743.2m	MVCD meters  Over 2743.2m up to 3048m	MVCD meters  Over 3048m up to 3352.8m
765	800	2.49m	2.54m	2.62m	2.71m	2.80m	2.88m	2.97m	3.05m	3.14m	3.22m	3.31m	3.39m
500	550	1.57m	1.6m	1.66m	1.73m	1.79m	1.85m	1.91m	1.98m	2.04m	2.11m	2.17m	2.24m
345	362	0.97m	0.99m	1.03m	1.08m	1.12m	1.16m	1.21m	1.26m	1.30m	1.35m	1.40m	1.44m
287	302	1.18m	0.88m	1.26m	1.31m	1.36m	1.41m	1.46m	1.51m	1.57m	1.62m	1.68m	1.73m
230	242	0.92m	0.94m	0.98m	1.02m	1.06m	1.11m	1.15m	1.19m	1.24m	1.29m	1.33m	1.38m
161*	169	0.62m	0.64m	0.67m	0.69m	0.73m	0.76m	0.79m	0.82m	0.85m	0.89m	0.92m	0.96m
138*	145	0.53m	0.54m	0.57m	0.59m	0.62m	0.65m	0.67m	0.70m	0.73m	0.76m	0.79m	0.82m
115*	121	0.44m	0.45m	0.47m	0.49m	0.51m	0.53m	0.56m	0.58m	0.61m	0.63m	0.66m	0.69m
88*	100	0.36m	0.37m	0.38m	0.40m	0.42m	0.44m	0.46m	0.48m	0.50m	0.52m	0.54m	0.57m
69*	72	0.26m	0.26m	0.27m	0.29m	0.30m	0.31m	0.33m	0.34m	0.36m	0.37m	0.39m	0.41m

\* Such lines are applicable to this standard only if PC has determined such per FAC-014 (refer to the Applicability Section above)



TABLE 2 (CONT) — Minimum Vegetation Clearance Distances (MVCD)<sup>7</sup>  
 For **Direct Current** Voltages feet (meters)

(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)	(DC) Nominal Pole to Ground Voltage (kV)
	Over sea level up to 500 ft	Over 500 ft up to 1000 ft	Over 1000 ft up to 2000 ft	Over 2000 ft up to 3000 ft	Over 3000 ft up to 4000 ft	Over 4000 ft up to 5000 ft	Over 5000 ft up to 6000 ft	Over 6000 ft up to 7000 ft	Over 7000 ft up to 8000 ft	Over 8000 ft up to 9000 ft	Over 9000 ft up to 10000 ft	Over 10000 ft up to 11000 ft
	(Over sea level up to 152.4 m)	(Over 152.4 m up to 304.8 m)	(Over 304.8 m up to 609.6m)	(Over 609.6m up to 914.4m)	(Over 914.4m up to 1219.2m)	(Over 1219.2m up to 1524m)	(Over 1524 m up to 1828.8 m)	(Over 1828.8m up to 2133.6m)	(Over 2133.6m up to 2438.4m)	(Over 2438.4m up to 2743.2m)	(Over 2743.2m up to 3048m)	(Over 3048m up to 3352.8m)
±750	14.12ft (4.30m)	14.31ft (4.36m)	14.70ft (4.48m)	15.07ft (4.59m)	15.45ft (4.71m)	15.82ft (4.82m)	16.2ft (4.94m)	16.55ft (5.04m)	16.91ft (5.15m)	17.27ft (5.26m)	17.62ft (5.37m)	17.97ft (5.48m)
±600	10.23ft (3.12m)	10.39ft (3.17m)	10.74ft (3.26m)	11.04ft (3.36m)	11.35ft (3.46m)	11.66ft (3.55m)	11.98ft (3.65m)	12.3ft (3.75m)	12.62ft (3.85m)	12.92ft (3.94m)	13.24ft (4.04m)	13.54ft (4.13m)
±500	8.03ft (2.45m)	8.16ft (2.49m)	8.44ft (2.57m)	8.71ft (2.65m)	8.99ft (2.74m)	9.25ft (2.82m)	9.55ft (2.91m)	9.82ft (2.99m)	10.1ft (3.08m)	10.38ft (3.16m)	10.65ft (3.25m)	10.92ft (3.33m)
±400	6.07ft (1.85m)	6.18ft (1.88m)	6.41ft (1.95m)	6.63ft (2.02m)	6.86ft (2.09m)	7.09ft (2.16m)	7.33ft (2.23m)	7.56ft (2.30m)	7.80ft (2.38m)	8.03ft (2.45m)	8.27ft (2.52m)	8.51ft (2.59m)
±250	3.50ft (1.07m)	3.57ft (1.09m)	3.72ft (1.13m)	3.87ft (1.18m)	4.02ft (1.23m)	4.18ft (1.27m)	4.34ft (1.32m)	4.5ft (1.37m)	4.66ft (1.42m)	4.83ft (1.47m)	5.00ft (1.52m)	5.17ft (1.58m)

**Notes:**

The SDT determined that the use of IEEE 516-2003 in version 1 of FAC-003 was a misapplication. The SDT consulted specialists who advised that the Gallet Equation would be a technically justified method. The explanation of why the Gallet approach is more appropriate is explained in the paragraphs below.

The drafting team sought a method of establishing minimum clearance distances that uses realistic weather conditions and realistic maximum transient over-voltages factors for in-service transmission lines.

The SDT considered several factors when looking at changes to the minimum vegetation to conductor distances in FAC-003-1:

- avoid the problem associated with referring to tables in another standard (IEEE-516-2003)
- transmission lines operate in non-laboratory environments (wet conditions)
- transient over-voltage factors are lower for in-service transmission lines than for inadvertently re-energized transmission lines with trapped charges.

FAC-003-1 uses the minimum air insulation distance (MAID) without tools formula provided in IEEE 516-2003 to determine the minimum distance between a transmission line conductor and vegetation. The equations and methods provided in IEEE 516 were developed by an IEEE Task Force in 1968 from test data provided by thirteen independent laboratories. The distances provided in IEEE 516 Tables 5 and 7 are based on the withstand voltage of a dry rod-rod air gap, or in other words, dry laboratory conditions. Consequently, the validity of using these distances in an outside environment application has been questioned.

FAC-003-01 allowed Transmission Owners to use either Table 5 or Table 7 to establish the minimum clearance distances. Table 7 could be used if the Transmission Owner knew the maximum transient over-voltage factor for its system. Otherwise, Table 5 would have to be used. Table 5 represented minimum air insulation distances under the worst possible case for transient over-voltage factors. These worst case transient over-voltage factors were as follows: 3.5 for voltages up to 362 kV phase to phase; 3.0 for 500 - 550 kV phase to phase; and 2.5 for 765 to 800 kV phase to phase. These worst case over-voltage factors were also a cause for concern in this particular application of the distances.

In general, the worst case transient over-voltages occur on a transmission line that is inadvertently re-energized immediately after the line is de-energized and a trapped charge is still present. The intent of FAC-003 is to keep a transmission line that is *in service* from becoming de-energized (i.e. tripped out) due to spark-over from the line conductor to nearby vegetation. Thus, the worst case transient overvoltage assumptions are not appropriate for this application. Rather, the appropriate over voltage values are those that occur only while the line is energized.

Typical values of transient over-voltages of in-service lines, as such, are not readily available in the literature because they are negligible compared with the maximums. A conservative value for the maximum transient over-voltage that can occur anywhere along the length of an in-service ac line is approximately 2.0 per unit. This value is a conservative estimate of the transient over-voltage that is created at the point of application (e.g. a substation) by switching a capacitor bank without pre-insertion devices (e.g. closing resistors). At voltage levels where capacitor banks are not very common (e.g. Maximum System Voltage of 362 kV), the maximum transient over-voltage of an in-service ac line are created by fault initiation on adjacent ac lines and shunt reactor bank switching. These transient voltages are usually 1.5 per unit or less.

Even though these transient over-voltages will not be experienced at locations remote from the bus at which they are created, in order to be conservative, it is assumed that all nearby ac lines are subjected to this same level of over-voltage. Thus, a maximum transient over-voltage factor of 2.0 per unit for transmission lines operated at 302 kV and below is considered to be a realistic maximum in this application. Likewise, for ac transmission lines operated at Maximum System Voltages of 362 kV and above a transient over-voltage factor of 1.4 per unit is considered a realistic maximum.

The Gallet Equations are an accepted method for insulation coordination in tower design. These equations are used for computing the required strike distances for proper transmission line insulation coordination. They were developed for both wet and dry applications and can be used with any value of transient over-voltage factor. The Gallet Equation also can take into account various air gap geometries. This approach was used to design the first 500 kV and 765 kV lines in North America.

If one compares the MAID using the IEEE 516-2003 Table 7 (table D.5 for English values) with the critical spark-over distances computed using the Gallet wet equations, for each of the nominal voltage classes and identical transient over-voltage factors, the Gallet equations yield a more conservative (larger) minimum distance value.

Distances calculated from either the IEEE 516 (dry) formulas or the Gallet “wet” formulas are not vastly different when the same transient overvoltage factors are used; the “wet” equations will consistently produce slightly larger distances than the IEEE 516 equations when the same transient overvoltage is used. While the IEEE 516 equations were only developed for dry conditions the Gallet equations have provisions to calculate spark-over distances for both wet and dry conditions.

While EPRI is currently trying to establish empirical data for spark-over distances to live vegetation, there are no spark-over formulas currently derived expressly for vegetation to conductor minimum distances. Therefore the SDT chose a proven method that has been used in other EHV applications. The Gallet equations relevance to wet conditions and the selection of a Transient Overvoltage Factor that is consistent with the absence of trapped charges on an in-service transmission line make this methodology a better choice. The following table is an example of the comparison of distances derived from IEEE 516 and the Gallet equations.

**Comparison of spark-over distances computed using Gallet wet equations vs.  
IEEE 516-2003 MAID distances**

<b>( AC ) Nom System Voltage (kV)</b>	<b>( AC ) Max System Voltage (kV)</b>	<b>Transient Over-voltage Factor (T)</b>	<b>Clearance (ft.) Gallet (wet) @ Alt. 3000 feet</b>	<b>Table 7 (Table D.5 for feet) IEEE 516-2003 MAID (ft) @ Alt. 3000 feet</b>
765	800	2.0	14.36	13.95
500	550	2.4	11.0	10.07
345	362	3.0	8.55	7.47
230	242	3.0	5.28	4.2
115	121	3.0	2.46	2.1

# Project 2007-07 Vegetation Management

Alternative VSLs

NERC Staff proposes the following alternative VSLs.

## Clean

R#	Time Horizon	VRF	Violation Severity Level			
			Lower	Moderate	High	Severe
R1	Real-time	High	NA	NA	The Transmission Owner failed to manage vegetation to prevent encroachment into the MVCD of a line identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, such that an encroachment into the MVCD as shown in FAC-003-Table 2 was observed in Real-time, absent a Sustained Outage.	The Transmission Owner failed to manage vegetation to prevent encroachment into the MVCD of a line identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, and a vegetation-related sustained outage was caused by one of the following: <ul style="list-style-type: none"> <li>An encroachment due to a fall-in from inside the ROW</li> <li>An encroachment due to the blowing together of applicable lines and vegetation located</li> </ul>

						<p>inside the ROW</p> <ul style="list-style-type: none"> <li>An encroachment due to vegetation growth into the MVCD</li> </ul>
R2	Real-time	Medium	NA	NA	<p>The Transmission Owner failed to manage vegetation to prevent encroachment into the MVCD of a line not identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, such that an encroachment into the MVCD as shown in FAC-003-Table 2 was observed in Real-time, absent a Sustained Outage.</p>	<p>The Transmission Owner failed to manage vegetation to prevent encroachment into the MVCD of a line not identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, and a vegetation-related sustained outage was caused by one of the following:</p> <ul style="list-style-type: none"> <li>An encroachment due to a fall-in from inside the ROW</li> <li>An encroachment due to the blowing together of applicable lines and vegetation located inside the ROW</li> <li>An encroachment due to vegetation growth into the MVCD</li> </ul>
R3	Long-Term Planning	Lower		<p>The Transmission Owner has maintenance strategies or documented procedures or processes or specifications but</p>	<p>The Transmission Owner has maintenance strategies or documented procedures or processes or specifications but</p>	<p>The Transmission Owner does not have any maintenance strategies or documented procedures or processes or</p>

				has not accounted for the inter-relationships between vegetation growth rates, vegetation control methods, and inspection frequency, for the Transmission Owner's applicable lines. (Requirement R3, Part 3.2)	has not accounted for the movement of transmission line conductors under their Rating and all Rated Electrical Operating Conditions, for the Transmission Owner's applicable lines. Requirement R3, Part 3.1)	specifications used to prevent the encroachment of vegetation into the MVCD, for the Transmission Owner's applicable lines.
R4	Real-time	Medium			The Transmission Owner experienced a confirmed vegetation threat and notified the control center holding switching authority for that applicable line, but there was intentional delay in that notification.	The Transmission Owner experienced a confirmed vegetation threat and did not notify the control center holding switching authority for that applicable line.
R5	Operations Planning	Medium				The Transmission Owner did not take corrective action when it was constrained from performing planned vegetation work where an applicable line was put at potential risk.
R6	Operations Planning	Medium	The Transmission Owner failed to inspect 5% or less of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.)	The Transmission Owner failed to inspect more than 5% up to and including 10% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).	The Transmission Owner failed to inspect more than 10% up to and including 15% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).	The Transmission Owner failed to inspect more than 15% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).
R7	Operations	Medium	The Transmission Owner	The Transmission Owner	The Transmission Owner failed	The Transmission Owner failed

	Planning		failed to complete 5% or less of its annual vegetation work plan for its applicable lines (as finally modified).	failed to complete more than 5% and up to and including 10% of its annual vegetation work plan for its applicable lines (as finally modified).	to complete more than 10% and up to and including 15% of its annual vegetation work plan for its applicable lines (as finally modified).	to complete more than 15% of its annual vegetation work plan for its applicable lines (as finally modified).
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**Redline**

R#	Time Horizon	VRF	Violation Severity Level			
			Lower	Moderate	High	Severe
R1	Real-time	High	<del>NA</del>	<del>NA</del>	The Transmission Owner failed to manage vegetation <del>to prevent encroachment into the MVCD of a line identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, such that an encroachment into the MVCD as shown in FAC-003-Table 2 was observed in Real-time, absent a Sustained Outage.</del>	The Transmission Owner failed to manage vegetation <del>to prevent encroachment into the MVCD of a line identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, and a vegetation-related sustained outage was caused by one of the following:</del> <ul style="list-style-type: none"> <li><del>An encroachment due to a fall-in from inside the ROW</del></li> <li><del>An encroachment due to the blowing together of applicable lines and vegetation located inside the ROW</del></li> </ul>

**Deleted:** The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD observed in Real-time, absent a Sustained Outage.

**Deleted:** The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage.

**Deleted:** in a manner such that the Transmission Owner had an encroachment into the MVCD due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage.



						<ul style="list-style-type: none"> <li><u>An encroachment due to vegetation growth into the MVCD.</u></li> </ul>
R2	Real-time	Medium	<u>NA</u>	<u>NA</u>	The Transmission Owner failed to manage vegetation <u>to prevent encroachment into the MVCD of a line not identified as an element of an IROL or Major WECC transfer path and operating within its Rating and all Rated Electrical Operating Conditions, such that an encroachment into the MVCD as shown in FAC-003-Table 2 was observed in Real-time, absent a Sustained Outage.</u>	<ul style="list-style-type: none"> <li><u>An encroachment due to a fall-in from inside the ROW</u></li> <li><u>An encroachment due to the blowing together of applicable lines and vegetation located inside the ROW</u></li> <li><u>An encroachment due to vegetation growth into the MVCD.</u></li> </ul>
R3	Long-Term Planning	Lower		The Transmission Owner has maintenance strategies or documented procedures or processes or specifications but has not accounted for the	The Transmission Owner has maintenance strategies or documented procedures or processes or specifications but has not accounted for the	The Transmission Owner does not have any maintenance strategies or documented procedures or processes or specifications used to prevent

- Deleted:** in a manner such that the Transmission Owner had an encroachment into the MVCD due to a grow-in that caused a vegetation-related Sustained Outage.
- Deleted:** The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD observed in Real-time, absent a Sustained Outage.
- Deleted:** The Transmission Owner failed to manage vegetation in a manner such that the Transmission Owner had an encroachment into the MVCD due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage.
- Deleted:** in a manner such that the Transmission Owner had an encroachment into the MVCD due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage.
- Deleted:** in a manner such that the Transmission Owner had an encroachment into the MVCD due to a grow-in that caused a vegetation-related Sustained Outage.

				inter-relationships between vegetation growth rates, vegetation control methods, and inspection frequency, for the Transmission Owner's applicable lines. (Requirement R3, Part 3.2)	movement of transmission line conductors under their Rating and all Rated Electrical Operating Conditions, for the Transmission Owner's applicable lines. Requirement R3, Part 3.1)	the encroachment of vegetation into the MVCD, for the Transmission Owner's applicable lines.
R4	Real-time	Medium			The Transmission Owner experienced a confirmed vegetation threat and notified the control center holding switching authority for that applicable line, but there was intentional delay in that notification.	The Transmission Owner experienced a confirmed vegetation threat and did not notify the control center holding switching authority for that applicable line.
R5	Operations Planning	Medium				The Transmission Owner did not take corrective action when it was constrained from performing planned vegetation work where an applicable line was put at potential risk.
R6	Operations Planning	Medium	The Transmission Owner failed to inspect 5% or less of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.)	The Transmission Owner failed to inspect more than 5% up to and including 10% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).	The Transmission Owner failed to inspect more than 10% up to and including 15% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).	The Transmission Owner failed to inspect more than 15% of its applicable lines (measured in units of choice - circuit, pole line, line miles or kilometers, etc.).
R7	Operations Planning	Medium	The Transmission Owner failed to complete 5% or	The Transmission Owner failed to complete more than	The Transmission Owner failed to complete more than 10% and	The Transmission Owner failed to complete more than 15% of

			less of its annual vegetation work plan for its applicable lines (as finally modified).	5% and up to and including 10% of its annual vegetation work plan for its applicable lines (as finally modified).	up to and including 15% of its annual vegetation work plan for its applicable lines (as finally modified).	its annual vegetation work plan for its applicable lines (as finally modified).
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## **6b. Reliability Standards Development Plan 2012-2014**

### **Action**

Approve the Reliability Standards Development Plan 2012-2014 (RSDP) and direct staff to file with applicable regulatory authorities.

[\[2012-2014 Reliability Standards Development Plan Final Draft – for BOT Consideration \]](#)

### **Executive Summary**

The 2012-2014 RSDP has been drafted and approved by the Standards Committee (SC). It represents the completion of a multi-month undertaking to review previous work and plan for new work. NERC completed seven standards development projects in 2011 and expects to complete an additional seven in 2012. Upon completion of these projects, additional projects will be initiated. NERC forecasts new projects will commence next year addressing protection systems, training, emergency operations, and real-time tools.

NERC is asking for the Board's approval of the plan for submission to the appropriate regulatory authorities pursuant to Section 310 of the Rules of Procedure.

### **Background**

Developed over the past several months, the RSDP provides a status of work undertaken in 2011, as well as a forecast of work for the next three years.

During the month of July 2011, NERC solicited the industry at-large for additional projects to be considered for inclusion in the 2012-2014 plan. In August, the SC began reviewing all of the known projects and potential projects, assigning them various scores based on input from constituents within their respective segments. Similar to last year, the SC utilized a simple scoring mechanism to identify key considerations for use in determining standards project priorities. The SC also began trial testing a new metric that accounts for "cost considerations," and using a more sophisticated analysis of each of the key drivers in project prioritization. This allowed the SC to consider each of those factors separately, as well as in aggregate, to determine how best to allocate resources.

NERC staff assembled the results in September, and an initial Prioritization and Work Plan was approved for posting at the September meeting of the SC. This Work Plan assumed an overall throughput capability of 13 projects in development concurrently, which is an increase above the 2011 target of 12. This is due to staffing increases in the NERC Standards department, which have allowed for some additional work to be considered. The SC allocated that throughput capability to three areas.

A link to the RSDP, history, and files is included here for reference:

<http://www.nerc.com/page.php?cid=2|247|290>

If trustees have questions or need additional information, they may contact Herb Schrayshuen at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net).

## 6c. MOD-025-RFC-1: Reactive Power Capability

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard MOD-025-RFC-01 – Verification and Data Reporting of Generator Gross and Net Reactive Power Capability** effective consistent with the Implementation Plan for MOD-025-RFC-01  
[\[MOD-025-RFC-01 – Clean\]](#) [No redline available]
- **Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for MOD-025-RFC-01:**  
[Included in the Standard above]
- **Implementation Plan for MOD-025-RFC-01:**  
Upon regulatory approval, the standard will be mandatory and enforceable (with monetary penalties for non-compliance) to all applicable NERC registered entities within the ReliabilityFirst footprint.

### Retirement

- None

### Background

The MOD-025-RFC-01 standard was developed to provide planning entities with accurate generator gross and net Reactive Power capability modeling data to use in system planning studies. This standard was also developed to meet the “fill in the blank” requirements assigned to the Regional Reliability Organizations as set forth in the NERC approved MOD-025-1 standard.

The ReliabilityFirst MOD-025-RFC-01 standard contains two main requirements for applicable entities within the ReliabilityFirst geographic area. The standard includes the following:

- Requirement R1, which requires the Generator Owner to verify the operating range of Reactive Power capability for each of its applicable units every five years in accordance with MOD-025-RFC-01 Attachment 1; and
- Requirement R2, which requires the Generator Owner to provide specific data from the most recent Reactive Power capability verification within 30 calendar days of a written request from its Transmission Planner, Transmission Operator, Reliability Coordinator or Planning Coordinator.

When Project 2007-09 Generator Verification develops modifications to the continent-wide standard MOD-025-1, this regional standard will be reviewed by ReliabilityFirst to ensure that any duplicative requirements or any requirements that are less restrictive or do not add additional detail will be considered for retirement. The steps outlined in the ReliabilityFirst Reliability Standards Development Procedure will be followed for any such revisions or retirements.

## Directives

None

## Standard Development Process

The standard was processed through the approved ReliabilityFirst Reliability Standards Development Procedure, which included five postings for stakeholder comment over a three-year period, a ballot, and approval by the ReliabilityFirst Board of Directors.

There were two minority issues raised during the ballot as identified below:

- Issue: There is no need for this regional standard since continent-wide MOD-025-1 has not been approved by FERC. NERC assigned the Generator Verification Standard Drafting Team the responsibility of drafting a new MOD-025 standard that will not be a "fill-in the blank" standard.

Response: ReliabilityFirst is fulfilling its obligation under the current NERC approved MOD-025-1. When the new NERC MOD-025 standard is approved, the ReliabilityFirst standard will be reviewed for duplicative requirements. Additionally, replacement of the legacy documents is required in ReliabilityFirst's Bylaws and addresses ambiguities, inconsistencies, and deficiencies in those documents.

- Issue: Attachment 1 Section 2.1 is too rigid; it will hinder the ability to obtain reactive power test results when plant conditions do not allow the real power to be at the level reported in MOD-024-RFC-01, perhaps due to water temperatures, coal conditions, or ambient temperatures. The requirement should be revised to allow the verification to begin at or above 95 percent of the reported real power capability.

Response: The reported capability under MOD-024-RFC-01 is a capability that is equal to the unit's continuous and sustainable output that can be produced seven days a week, 24 hours a day without encountering any equipment limits (this may not be the maximum capacity of the unit). This capability is a normalized value that takes into account differences in the ambient conditions during the verification and 15-year weather averages (See, R4 of MOD-024-RFC-01). The normalization can also be used to adjust the actual achievable real power output during the reactive verification to the normalized real power capability determined during the MOD-024-RFC-01 verification. If a unit cannot reach its MOD-024-RFC-01 reported capability (at any time during the five year verification period), the unit's Real Power capability may need to be re-examined to make sure the reported capability is actually the correct value.

## Proposed VRFs and VSLs

The VRFs and VSLs were included with the standard when balloted. NERC standards staff is not recommending any modifications to the VRFs and VSLs that were balloted.

A link to the project history and files is included here for reference:

<https://rsvp.rfirst.org/MOD025RFC01/default.aspx>

## 6d. IRO-006-TRE-1: IROL and SOL Mitigation in the ERCOT Interconnection

### Action

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard IRO-006-TRE-1 — IROL and SOL Mitigation in the ERCOT Interconnection**  
[\[IRO-006-TRE-1 - Clean\]](#) [New Standard - No redline available]
- **Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for IRO-006-TRE-1**  
[VRFs and VSLs embedded in the Standard above]
- **Implementation Plan for IRO-006-TRE-1**  
The effective date for IRO-006-TRE-1 is the first day of the first calendar quarter after applicable regulatory approval.

### Retirement

- None

### Background

IRO-006-TRE-1 provides enforceable requirements associated with the existing Electric Reliability Council of Texas (ERCOT) congestion management procedures. This Regional Standard addresses the FERC directive in Paragraph 964 of Order No. 693, in which FERC determined that the ERCOT transmission loading relief procedures were superior to the national standard, and directed the ERO to provide Reliability Standards including requirements, measures and levels of non-compliance corresponding to the ERCOT protocols for application in the ERCOT Region.

The TRE IRO-006-TRE-1 standard requires:

- Requirement 1  
The RC (ERCOT) to have procedures to identify and mitigate exceedances of identified Interconnection Reliability Operating Limits (“IROLs”) and System Operating Limits (“SOLs”) that will not be resolved by the automatic actions of the ERCOT Nodal market operations system.
- Requirement 2  
The RC to act according to its procedures to identify and mitigate exceedances of identified Interconnection Reliability Operating Limits and System Operating Limits that will not be resolved by the automatic actions of the ERCOT Nodal market operations system.

## Directives

This Regional Standard addresses the FERC directives in Paragraph 964 of Order No. 693 by:

- Modifying the ERCOT protocols to ensure consistency with the standard form of the Reliability Standards including Requirements, Measures and Levels of Non-Compliance.

[\[link to Order No. 693\]](#)

## Standard Development Process

The standard was developed and approved in accordance with Texas RE's FERC-approved Regional Standards Development Process (included as Appendix to Exhibit C to the Delegation Agreement between NERC and Texas RE). The process included formation of an expert standard drafting team to develop the standard, a posting for stakeholder comment, a stakeholder ballot, and approval by Texas RE's Reliability Standards Committee and Board of Directors.

There were no minority issues raised during the comment period that were not resolved.

The standard was approved by an ERCOT Regional stakeholder ballot with 12 votes in favor of the proposed standard, zero votes against, and one abstention. All industry segments participated in the ballot. The proposed VRFs and VSLs were approved in a non-binding poll with seven votes in favor and zero votes against.<sup>1</sup> ERCOT, which is the only entity that has compliance responsibilities under this standard, actively participated on the standard drafting team and voted in favor of the standard and the VRFs and VSLs.

## NERC Standards Staff's View of VRFs and VSLs

The VRFs and VSLs were included with the standard when balloted. NERC standards staff is not recommending any modifications be made to the VRFs and VSLs that were balloted.

A link to the project history and files is included here for reference:

[http://www.texasre.webvote.oati.net/texasre\\_webvote/action/PubMainAction?type=Detail&id=26](http://www.texasre.webvote.oati.net/texasre_webvote/action/PubMainAction?type=Detail&id=26)

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<sup>1</sup> Several ballot pool members did not vote in the VRF/VSL poll.



## **6e. PRC-006-SERC-1: Automatic Underfrequency Load Shedding (UFLS) Requirements**

### **Action**

Approve the following standards documents and direct staff to file with applicable regulatory authorities:

- **Reliability Standard PRC-006-SERC-01 – Automatic Underfrequency Load Shedding Requirements**

[\[PRC-006-SERC-01- Clean\]](#) [New Standard – No redline available]

- **Violation Risk Factors (“VRFs”) and Violation Severity Levels (“VSLs”) for PRC-006-SERC-01**

[VRFs and VSLs are available in the Standard above]

- **Implementation Plan for PRC-006-SERC-01**

The Implementation Plan is staged over a 30-month window to allow entities to respond to any changes in UFLS settings due to this standard. In addition, the implementation date of Requirement R1 is dependent on FERC adoption of the continent-wide standard PRC-006-1.

### **Retirement**

- None

### **Background**

The SERC UFLS Standard: PRC-006-SERC-01 (“SERC UFLS Standard”) provides regional UFLS requirements for registered entities in the SERC Region. UFLS requirements have been in place at a continent-wide level and within SERC for many years prior to implementation of FERC-approved Reliability Standards in 2007.

In 2008, SERC commenced work on PRC-006-SERC-01. NERC also began work on revising PRC-006-0 at a continent-wide level. The SERC standard is consistent with and complementary to the continent-wide UFLS standard.

PRC-006-1 identifies the Planning Coordinator (PC) as the entity responsible for developing UFLS schemes within its PC area. This regional standard adds specificity not contained in the NERC standard for development and implementation of a UFLS scheme in the SERC Region that effectively mitigates the consequences of an underfrequency event.

### **Directives**

None

### **Standard Development Process**

The standard was processed through SERC's approved standards development process, which included five postings for stakeholder comment over a three-year period, three ballots, and approval by SERC's Board Executive Committee.

There were two minority issues raised that were not resolved as identified below:

- Issue: Question the correlation between the NERC and SERC standards and how the two standards work together.

Response: The SERC standard provides regional detail on specificity for some of the NERC requirements. It should also be noted that the SERC standard is not a stand-alone standard but needs to be applied in conjunction with the NERC UFLS standard.

- Issue: There is no need for this regional standard. PRC-006-1 is sufficient.

Response: Not only do the requirements of the SERC standard provide regional consistency and coordination, they also are more stringent than the national standard. For example, Requirement 2 sets specific boundaries on UFLS schemes that are not requirements in the national standard.

#### **Standards Staff's View of VRFs and VSLs**

The non-binding poll of VRFs and VSLs was conducted during the final ballot of the associated standard. NERC standards staff is not recommending modifications be made to the VRFs and VSLs that were posted for the nonbinding poll.

A link to the project history and files is included here for reference:

<http://serc.centraldesktop.com/standardhomepage/doc/10467819/w-RegionalUflsStandard>

## **NERC Rules of Procedure Non-substantive Capitalization and Definition Changes**

### **Action**

Approve

### **Background**

NERC requests that the Board of Trustees (Board) approve proposed revisions to the NERC Rules of Procedure and all existing Appendices to the Rules of Procedure (3A, 3B, 3C, 4A, 4B, 4C, 4D, 4E, 5A, 5B, 6, and 8), as well as proposed new Appendix 2, Definitions of Terms Used in the Rules of Procedure.

The objectives of the proposed revisions are: (1) to place all definitions of defined terms used anywhere in the Rules of Procedure in a single, readily-accessible location (proposed Appendix 2); (2) to capitalize defined terms throughout the Rules of Procedure where they are intended to be used in their defined meanings; and (3) to lower-case other terms that are currently capitalized in the Rules of Procedure but are not defined terms.

These revisions are being proposed in response to Paragraph 93 of the Order of the Federal Energy Regulatory Commission (FERC or Commission) issued October 21, 2010,<sup>1</sup> in which the Commission invited NERC to submit a filing making consistent use of defined terms throughout the Rules of Procedure and Appendices. The October 21, 2010 Order invited NERC to make such a filing by January 1, 2011. NERC was unable to develop, post for comment, obtain Board approval, and file the proposed revisions for this purpose by January 1, 2011; however, NERC recognizes that there is a need for greater consistency in definitions and the use of capitalization in the Rules of Procedure and Appendices, and therefore is proceeding with this initiative at this time. If these revisions are approved by the Board, NERC will file the proposed revisions with the Commission for approval promptly thereafter.

The sources of the defined terms listed in proposed Appendix 2 are: (1) definitions currently found throughout the existing Rules of Procedure, including, among other places, in Section 200, Section 1500, and Appendices 4C, 4D, 5B and 6, (2) the NERC Glossary of Terms Used in Reliability Standards, (3) definitions in the NERC Bylaws, (4) definitions in Section 215 of the Federal Power Act, and (5) definitions in FERC regulations at 18 C.F.R. Parts 39 and 388. Efforts have been made to reconcile non-identical definitions currently used in different parts of the Rules of Procedure; however, for certain terms, the definitions used in different parts of the Rules of Procedure were sufficiently different that it was not possible to develop a single definition without changing the meaning of the term as used in one of the parts of the Rules. In those cases, the definition in Appendix 2 incorporates both meanings, with the applicable meaning to be used being dependent on the context (or, in some cases, to be used only in a specifically-identified provision or Appendix of the Rules). For the purposes of this initiative,

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<sup>1</sup> *North American Electric Reliability Corporation*, 133 FERC ¶ 61,061 (2010).

which was not intended to result in substantive changes to the Rules of Procedure, this approach was considered preferable to changing an established term or its definition to achieve consistency.

A small number of new definitions (*i.e.*, explicit definitions not presently found in any of the above referenced sources) for frequently-used terms in the Rules of Procedure have been created and appear in proposed Appendix 2. These new definitions are denoted by “[Note: new definition].”

There are a number of defined terms that appear only within Appendix 2 and do not appear elsewhere in the Rules of Procedure. These defined terms are internal to the definitions of other defined terms. For the most part, these “internal” definitions are found within definitions of other terms that are taken from the NERC Glossary of Terms Used in Reliability Standards, and they are themselves taken from the NERC Glossary. Thus, the “internal” definitions are necessary for a complete understanding of the defined terms that are used elsewhere in the Rules of Procedure. The objective of this approach is to establish Appendix 2 as a complete source of all definitions used in the Rules of Procedure, without the need to refer to other sources outside the Rules of Procedure.

In the Rules of Procedure and Appendices, terms listed in Appendix 2, if not currently capitalized where used in the Rules of Procedure, have been revised to be capitalized where they are intended to be used with their defined meanings. Where a term defined in Appendix 2 appears in the Rules of Procedure but is not capitalized, the term is there being used in its ordinary and commonly understood meaning and not as defined in Appendix 2 (if different). Other terms that are not defined terms, such as the names of entities, organizations, committees, or programs; position titles; titles of documents or forms; section headings or captions; geographic locations; and other terms commonly presented as proper nouns, are also capitalized in the Rules of Procedure without being defined in this Appendix.

Although all definitions used in the Rules of Procedure and Appendices have been collected in proposed Appendix 2, “Definitions” sections in current Appendices have not been deleted in the proposed revisions, but rather have been retained for convenience of reference to the user. However, definitions in these “Definitions” sections have been revised where necessary to conform to the definition presented in Appendix 2.

The Rules of Procedure and Appendices marked with the proposed revisions are the currently-effective Rules of Procedure and Appendices as approved by the Commission, and do not reflect any additional proposed revisions currently pending before the Commission for approval. However, it is intended that the same approach to presentation of definitions and capitalization of defined terms used in the proposed revised Rules of Procedure will be applied prospectively to all future substantive revisions.

### Reinstatement of NERC Rules of Procedure Section 402.1.3.2

#### Action

Approve the reinstatement of Section 402.1.3.2 to the NERC Rules of Procedure.

#### Background

This revision to the NERC Rules of Procedure (ROP) is required by a FERC order issued on October 7, 2011.<sup>1</sup> FERC's October 7 order has directed NERC to make a compliance filing to reinstate this Section to the ROP by November 7, 2011.

On June 9, 2010, and as supplemented on June 17, 2010, NERC submitted a filing to FERC requesting approval of revisions to the Regional Delegation Agreements (RDAs) and to certain ROP provisions. FERC conditionally accepted the June 9, 2010 filing on October 21, 2010<sup>2</sup> and directed NERC to submit a compliance filing, which NERC submitted on February 18, 2011. The October 7 order conditionally accepted the February 18, 2011 compliance filing and the additional RDA and ROP revisions submitted with the compliance filing, with one exception. Specifically, FERC rejected NERC's proposed deletion of Section 402.1.3.2 from the ROP, and FERC directed NERC to file a compliance filing by November 7, 2011 restoring Section 402.1.3.2 to the ROP. FERC stated that NERC had not provided sufficient justification for deleting that provision.

Section 402.1.3.2 pertains to the "audit verification" program whereby NERC verifies the results of compliance audits conducted by Regional Entities. The language of the Section reads as follows:

1.3.2 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 responsibilities.

NERC requests approval to reinsert this provision in the ROP in order to comply with the FERC order. The audit validation will be integrated into the restructured Regional Entity Audit Program as a distinct module. NERC staff is developing the informational filing and program document for the restructured RE Audit Program, which will be presented to the Board of Trustees Compliance Committee at its December 2011 meeting.

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<sup>1</sup> *North American Electric Reliability Corporation*, 137 FERC ¶ 61,028 (2011).

<sup>2</sup> *North American Electric Reliability Corporation*, 133 FERC ¶ 61,061 (2010).

## **Amendments to WECC Bylaws and Reliability Standards Development Procedures**

### **Action**

Approve requested amendments to WECC documents.

### **Summary**

WECC has requested that the Board approve, and direct NERC staff to file with FERC for approval, amendments to the Amended and Restated Delegation Agreement between NERC and WECC, consisting of amendments to Exhibit B – the WECC Bylaws, and to Exhibit C – the WECC Reliability Standards Development Procedures (“RSDP;” formerly titled the “Process for Developing and Approving WECC Standards”).

**Attachment 1** is a letter from WECC requesting Board approval of the amendments to the WECC Bylaws and WECC RSDP. Specifically, the Board is requested to approve the proposed amendments in substantially the form shown on:

**Attachment 2** – Redlined version of Exhibit B to the NERC-WECC Delegation Agreement (WECC Bylaws), marked to show the proposed amendments.

**Attachment 3** – Redlined version of Exhibit C to the NERC-WECC Delegation Agreement (WECC RSDP), marked to show the proposed amendment to the WECC RSDP and corresponding revisions to the “common attributes” for a regional reliability standards development procedure.

There are no proposed revisions to any other portions of the NERC-WECC Delegation Agreement, and therefore only the redlined versions of Exhibit B and Exhibit C are being provided with this agenda item.

Board approval of the amendments to Exhibits B and C of the NERC-WECC Delegation Agreement will also constitute approval of the amendments to the WECC Bylaws and RSDP as “regional entity rules.” The proposed amendments to Exhibits B and C have received the necessary approvals from the WECC Board of Directors and Membership.

The remainder of this memorandum describes the proposed amendments and their basis and purpose.

### **Amendments to Exhibit B (WECC Bylaws)**

1. The WECC Bylaws require the WECC Board to conduct a review of WECC’s effectiveness every five years. The Board has delegated this function to the WECC Governance and Nominating Committee (“GNC”). The GNC’s most recent review, initiated in 2010 and completed in 2011, noted, among other things, (i) that the WECC RSDP currently limits the WECC Board to either accepting a standard proposed by a standing committee or

returning it to the committee; and (ii) that WECC has no “backstop” process to develop or modify a Regional Reliability Standard in response to a regulatory directive or when the WECC Board believes one is needed to protect regional reliability, in cases where the WECC standing committees are unable to develop or approve the needed Regional Standard within a reasonable amount of time, or when the Board believes a Regional Standard recommended by the committee should be modified. Accordingly, a number of amendments to the WECC Bylaws, and substantial revisions to the WECC RSDP, are proposed to address these findings. Specifically, Amendments are proposed to revise or add the following sections of the WECC Bylaws: 3.6 (new section), 3.7 (new section), 3.35 (new section), 3.39, 3.41 (renumbered from 3.40), 4.5.5 (new section), 5.1, 8.3.2 (new section), 8.5.4, 8.5.5.2 (new section), 8.5.5.3 (renumbered from 8.5.5.2), 8.5.5.4 (new section), 8.5.6, 8.6.1 (including new subsection 8.6.1.3), and 8.6.2. The purpose of these amendments (along with amendments to the WECC RSDP, discussed below), is (i) to more closely align WECC’s procedure to the procedure used by NERC for balloting continent-wide standards, and (ii) to provide the WECC Board with “backstop” authority concerning issuance of Regional Reliability Standards comparable to the authority of the NERC Board under Section 321 of the NERC Rules of Procedure. The new procedure includes the formation of a WECC Standards Committee and a WECC Ballot Body, which will allow meaningful participation in the Regional Reliability Standards development process by all persons who represent WECC Members in any forum, not just those persons who represent their Member entity in a particular WECC standing committee.

- New Section 3.6 adds a new defined term “Ballot Body.” The Ballot Body consists of WECC members and non-members that have been determined to be eligible for the voting sectors in Section 8.5.5.2 and may, therefore, vote on Regional Criteria and Regional Reliability Standards.
- New Section 3.7 adds a new defined term “Ballot Pool.” The Ballot Pool will consist of a self-selected set of members of the Ballot Body who join the Ballot Pool for a given Regional Criterion or Regional Reliability Standard during a designated time window prior to balloting or to the close of balloting.
- New Section 3.35 adds a new defined term “Regional Criteria.” Regional Criteria are documents developed through the WECC RSDP and approved by the WECC Board to establish consistency among WECC member entities with respect to their business practices, or their technical, documentation or administrative procedures.
- Section 3.41 (renumbered from 3.40) is amended to reflect the revised title of the WECC RSDP.
- New Section 4.5.5 pertains to processing applications from non-WECC members to join the Ballot Body. In their applications, non-WECC members will be required to identify their affiliation(s) with other Ballot Body members, and WECC staff will limit voting of affiliated non-WECC members in the same manner as voting by WECC members would be limited.

- Section 5.1, Quorum, is amended to state that the provisions of that section do not apply to voting on Regional Reliability Standards and Regional Criteria under the oversight of the WECC Standards Committee.
- New Section 8.3.2 assigns responsibility to the WECC Standards Committee to oversee the process for responding to requests for Regional Reliability Standards and Regional Criteria, including (i) for determining if a request is within the scope of WECC's activities, and (ii) for overseeing the drafting, comment and voting process for the Regional Reliability Standard or Regional Criteria. The Standards Committee will also oversee the process for responding to requests for interpretations of Regional Reliability Standards and Regional Criteria. The Standards Committee will consist of one member from each of the WECC Standards Voting Sectors (Section 8.5.5.2) and a member of the WECC Board who shall act as committee chair. Finally, Section 8.3.2 requires the WECC Board to approve a Standards Committee Charter that describes the membership selection process for the committee.
- Section 8.5.4 is amended to provide that the right of any WECC Member to designate a voting member of any standing committee or other committee does not apply to the Standards Committee established under Section 8.3.2.
- Section 8.5.5.1 is amended to provide that the three classes of membership for WECC committees do not apply to the Standards Committee.
- New Section 8.5.5.2 establishes the WECC Standards Voting Sectors for the Ballot Body, comprised of five registered sector (*i.e.*, Entities registered in the NERC Compliance Registry and Canadian and Mexican Entities performing functions that, if performed in the U.S, would result in registration) and three non-registered sectors: (i) Transmission, (ii) Generation, (iii) Marketers and Brokers, (iv) Distribution, (v) System Coordination, (vi) End Use Representative (non-registered member of WECC Member Class Four), (vii) State and Provincial Representatives (non-registered members of WECC Member Class Five), and (viii) Other non-registered WECC Members and Participating Stakeholders. An Entity can be in more than one registered Sector but in only one non-registered Sector. WECC staff shall confirm the eligibility of Participating Stakeholders for Sectors, with decisions of WECC Staff on Sector eligibility appealable to the WECC GNC and decisions of the GNC appealable to the WECC Board.
- Section 8.5.5.3 (renumbered from 8.5.5.2) is amended to specify that the provision allowing each committee member to have one vote does not apply to the voting for proposed Regional Reliability Standards and Regional Criteria, under the voting procedures established in Section 8.5.5.4.
- New Section 8.5.5.4 establishes voting procedures for proposed Regional Reliability Standards and Regional Criteria. When the Standards Committee determines that a draft Regional Reliability Standard or Regional Criteria is ready for consideration by the Ballot Body, it will be presented for a vote. Ballot Body members will be provided the opportunity to opt in to the Ballot Pool for the vote. A two-thirds



quorum of the Ballot Pool is required for a valid vote. Members of the Ballot Pool who are eligible to vote in more than one of the Sectors may cast one vote in each Sector for which they are eligible. Calculation of the vote will be pursuant to a weighted sector voting formula as described in the WECC RSDP. If the Ballot Pool approves a proposed Regional Reliability Standard or Regional Criteria, it will be recommended to the WECC Board.

- Section 8.5.6 is amended so as to make the provisions of that section and of Section 8.6 not applicable to committee recommendations and decisions related to development and approval of reliability standards. This section previously governed posting and notice requirements for proposed reliability standards prior to action by the WECC Standing Committee; however, since under the new procedures, proposed standards will not go through the Standing Committees for approval, there is no need for this section to specify such posting and notice requirements.
  - Sections 8.6.1 and 8.6.1.1 are amended to add references to Regional Criteria as well as to Reliability Standards. In addition, section 8.6.1.1 is amended so as to provide that WECC Members and Participating Stakeholders have the right to participate in all discussions, voting and appeals pertaining to a proposed new or revised Reliability Standard or Regional Criteria, not just to committee or subcommittee discussions, votes or appeals in such matters.
  - Section 8.6.1.2 is amended to specify that a Participating Stakeholder (*i.e.*, a non-WECC Member) is only entitled to vote on Regional Criteria if the proposed Regional Criteria could result in sanctions to an entity that is not a WECC Member.
  - New Section 8.6.1.3 provides authority for the WECC Board to use the special procedures to address regulatory directives (the “backstop” authority) in the event the procedures for drafting and voting on Reliability Standards do not produce a responsive product. The special procedures are set forth in the WECC RSDP. To exercise this authority, the WECC Board must find that the proposed Reliability Standard or revision 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. If the Board is unable to make this finding, then it may direct that the proposed Reliability Standard be filed with the Applicable Regulatory Authority as a compliance filing in response to the regulatory directive, along with a recommendation that the standard not be made effective and an explanation of the basis for the recommendation.
2. Section 1, Mission, has been amended, for simplification, to delete the list of states and provinces that are fully or partially within the Western Interconnection. As amended, the first paragraph of Section 1 states: “The Western Interconnection is the geographic area containing the synchronously operated electric grid in the western part of North America.” The definition of “Western Interconnection” (Section 3.43; renumbered from 3.42) is being amended as follows: “The geographic area containing the synchronously

operated electric transmission grid in the western part of North America, which includes ~~parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of~~ in the United States Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, and Washington, as well as parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Colorado; part of and the Canadian Provinces of British Columbia and Alberta; and Baja California Norte, Mexico.

3. In Section 3.5, a new defined term, “Balancing Authority,” has been added, defined as follows: “The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.” (This is the same definition of this term as in the NERC *Glossary of Terms Used in Reliability Standards*.) Correspondingly, the defined term “Control Area” (presently Section 3.11) is being deleted. In the definitions of “Grid Operating Entity” (Section 3.22, renumbered from 3.20) and “Local Regional Entity” (Section 3.24, renumbered from 3.23), the terms “control area operator” and “Control Area” are being deleted and replaced with the term “Balancing Authority.”
4. Present Section 3.21, which is the definition of “Participating Stakeholder,” is not placed in alphabetical order in the Definitions section of the WECC Bylaws. The text of this section has been moved to be Section 3.33, where it is placed in alphabetical order among the defined terms.
5. The defined term “Reliability Practices,” presently Section 3.38, is being deleted as no longer needed.
6. The definition of “Reliability Standard” (Section 3.40, renumbered from 3.39) is being amended to state that a Reliability Standard for the Western Interconnection shall only apply to entities outside the U.S. portion of the Western Interconnection upon approval by the appropriate Canadian or Mexican authority. This definition is also being amended to state that (i) “Reliability Standards include Regional Reliability Standards and Continent-wide standards;” and (ii) Reliability Standards are adopted by NERC; Regional Reliability Standards are specific to the Western Interconnection and shall be established using the WECC RSDP.
7. Section 5.9, “Minimum Participation Requirements,” is being amended to eliminate the provision specifying that at least two weeks prior to the WECC Annual Meeting, WECC will send a notice to any Member that has not, within the previous year, satisfied the minimum participation requirement to be counted for quorum purposes at a meeting of the membership as a whole or a Class meeting. This section is also being amended to provide that a Member who has met the minimum participation requirement, and therefore has become an “inactive” Member, can restore its active status by participating in at least one WECC meeting (including meetings of the WECC Board, committees and subcommittees) by attending in person, sending an alternate, or voting an absentee, rather than solely by participating in a WECC Annual Meeting (as provided

in the current section). Finally, this section is being amended to delete the provision that “an inactive Member will not be entitled to vote at WECC meetings until the Member is reinstated to ‘active’ status;” as amended, the section states that an inactive Member will not be counted toward establishing a quorum of the membership as a whole or of a Class; and specifies the means by which an “inactive” Member” may return to active status.

8. Section 6.2 is being amended to permit the WECC Board to add the WECC CEO to the Board. This amendment results from recent work of a CEO Search Subcommittee of the WECC Human Resources and Compensation Committee, which recommended that WECC have the ability to offer candidates for the CEO position a voting seat on the WECC Board in order to enhance the attractiveness of the CEO position. Additionally, the amendment limits the role of the CEO on the Board by prohibiting the CEO (i) from being a member of a Board Committee and (ii) from casting a tie-creating or tie-breaking vote on any matter.
9. Section 6.5.2.1 is being amended to require a threshold for member nomination of non-affiliated directors for the WECC Board of no fewer than ten members, at least three of whom must be from two different Member Classes, rather than the current threshold of the greater of three members of any Class or ten percent of the members of the Class. Under the WECC Bylaws, the GNC is responsible for nominating a slate of non-affiliated director candidates. It is important for members to have the ability to add candidates to the GNC nomination slate where there is significant member dissatisfaction with the GNC nominations. However, the ability of members to easily nominate candidates, and thereby create an adversarial election, can create difficulties for WECC in attracting quality Board candidates (who may not want to deal with the uncertainty of a contested election) and obtaining the fully independent judgment of sitting non-affiliated directors. The current member nomination threshold was adopted when WECC had less than half the membership it has today. In practice, if a Member Class is small, the current threshold can require a competitive election if fewer than one percent of the members ask for it. WECC advises that every member who provided comments on this proposed amendment expressed agreement that the threshold should be increased.
10. Section 6.12, “Delegation of Board Authority,” is being amended to remove limitations on the ability of the WECC Board to delegate contracting authority to the CEO (currently, the Bylaws prohibit the WECC Board from delegating authority to the CEO to enter into contracts for amounts exceeding \$50,000). This amendment leaves limitations on the CEO’s contracting authority to Board resolutions, which can be modified from time to time as appropriate.
11. Section 7.2 is being amended to clarify that for most decisions of the WECC Board, when a Board member abstains, that vote is not counted as a negative vote; and that only “ayes” and “nays” are counted to determine the result.

12. Current Section 8.4, “Committee Assessment and Streamlining,” is being repealed as no longer necessary. This section requires the WECC Board to perform a thorough review of standing committee activities no later than three years after the organizing meeting of WECC to assess whether there are any aspects of the standing committees’ functions or procedures that impede development of WECC standards, obligations, processes, and decisions that are timely, fair, effective, and reasonable in view of the commercial, legal, regulatory, and economic needs and objectives of the affected members. This review occurred as required in 2004. Section 8.4 also requires, no later than three years after the organizing meeting of WECC, the automatic dissolution of all member groups other than the standing committees. In connection with the repeal of Section 8.4, the defined term “Organizing Meeting” in current Section 3.32 is being deleted.
13. Section 8.5.5.3 (renumbered from 8.5.5.2) is being amended to give the WECC Board more control over voting and record-keeping procedures of Board Committees. The GNC recommended that the Board be given sole authority to adopt voting procedures that could be amended as necessary to refine the process, without having to further amend the Bylaws. In response, the word “Committees” in this section is being replaced with “The Board;” therefore, the section will read, in pertinent part: “The Board will adopt voting and record-keeping procedures to ensure that committee voting is conducted consistent with these Bylaws.”
14. Section 9.6.2 is being amended to replace the term “Interested Stakeholders” with the term “Participating Stakeholders.” This amendment should have been implemented in connection with earlier amendments in which “Interested Stakeholders” was changed to the defined term “Participating Stakeholders” throughout the WECC Bylaws; however, this amendment to Section 9.6.2 was missed at that time.
15. Numerous sections of the WECC Bylaws have been amended to change references to “the WECC” to “WECC” (*i.e.*, to delete the word “the”). The sections amended in this manner are 2 (caption), 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6, 2.1.7, 2.1.8, 2.1.9, 2.1.10, 2.1.11, 2.2.1, 2.2.2, 2.3, 3.4, 3.15 (renumbered from 3.13), 3.23 (renumbered from 3.22), 3.27 (renumbered from 3.26), 4.1, 4.2, 4.2.7, 4.3, 4.6, 4.6.3, 4.6.9, 4.8, 4.9, 5.3, 6.1, 6.4.2, 6.4.4, 6.5.1.1, 6.5.2.2, 6.10.1, 6.11, 6.12, 7.3, 7.4.1, 8.1, 8.2.1, 8.2.2, 8.8, 9.1, 9.3, 9.6.2, 10.4, 11, 12.1.1, 12.1.2, 12.3, 14, 16, and 17, and various places in Appendix A and Appendix B to the Bylaws. (Some of these sections also have other amendments that are discussed elsewhere in this memorandum.)
16. Several sections of the WECC Bylaws have been amended to change references to “Web site” to “website.” The sections amended in this manner are 5.6.3, 6.12.1, 7.4.1, 7.5.2, 7.5.3, 8.7.1 and 9.6.3.
17. In addition to the above amendments, WECC seeks approval for an amendment to Section 3.24 (renumbered from 3.23), the defined term “Local Regional Entity” that was approved by the WECC Board in April 2006 and implemented in the Bylaws document,

but was never explicitly presented to the NERC Board (or to the Commission) for approval. The amendment is the deletion of a sentence from the definition of “Local Regional Entity” as shown below:

A regional transmission organization or some other formally or informally constituted regional organization or group within the Western Interconnection, including but not limited to a Control Area, a group of Control Areas acting in concert, or a group of Entities that own or operate Transmission Facilities acting in concert. ~~At the time of the formation of the WECC, regions will define their boundaries and establish formal or informal coordination as necessary. These~~ Local Regional Entity boundaries can be reevaluated or modified over time.

As described in item 3 above, this section is also being amended to replace “Control Area” and “Control Areas” with “Balancing Authority” and “Balancing Authorities.”

#### **Amendment to Exhibit C (WECC RSDP)**

1. In Exhibit C, the text for the following “Common Attributes” of an acceptable regional reliability standard development procedure is being revised to be consistent with the proposed amended WECC RSDP: nos. 5, 6, and 9 through 20.
2. In general, the amendments to the NERC RSDP (name of the document changed from “Process for Developing and Approving WECC Standards” to “Reliability Standards Development Procedures”) remove responsibility for development of WECC Regional Reliability Standards and Regional Criteria from the WECC standing committees and place responsibility with the WECC Standards Committee (WSC) and Drafting Teams. The amendments also add a procedure for proposing, developing and adopting interpretations of Regional Reliability Standards and Regional Criteria, and special procedures for addressing regulatory directives with respect to a proposed Regional Reliability Standard.
  - The “Terms” section of the WECC RSDP adds defined terms used in the revised process, such as Ballot Body, Ballot Pool, Draft Standard, Standard Authorization Request (SAR), WECC Standards Committee (WSC), and WECC Standards Voting Sectors; and deletes defined terms that are no longer needed. The defined term WECC Standards Voting Sectors lists the eight sectors (five registered sectors and three non-registered sectors) for purposes of voting on Standards, consistent with new Section 8.5.5.2 of the WECC Bylaws.
  - The “Normal Process for Standards” section sets forth the eleven steps in the process for development and adoption of WECC Standards:
    - Step 1 – Request to Revise or Develop a Standard (*i.e.*, submission of a SAR)

Step 2 – Standard Authorization Request Validation and Submission to the WSC. In this step, the WSC determines if the SAR is within the scope of WECC’s authority and is appropriate; if so, the WSC selects and oversees a Drafting Team formed to draft a Draft Standard.

Step 3 – Drafting Team Begins Drafting Phase and Submits Draft Standard to WSC. Upon reaching a determination, by majority vote, on the language for a Draft Standard, the Drafting Team submits the Draft Standard to the WSC, along with an impact assessment report, any additional technical studies performed, and any other materials that significantly contributed to the Drafting Team’s evaluation and drafting of the Draft Standard.

Step 4 – Draft Standard Posted for Comment. The WSC determines whether to (i) post the Draft Standard for a 45-day comment period, (ii) further modify the Draft Standard, (iii) return the Draft Standard to the Drafting Team for further work, as directed, or (iv) terminate the Standard development activity. A majority vote of the authorized membership of the WSC is required to terminate a Draft Standard at this stage.

Step 5 – WSC Deliberates on Comments received during the comment period.

Step 6 – WSC Submits Draft Standard for Ballot Body Vote and Ballot Pools Are Established. The WSC will post the final Draft Standard at least 30 days before the voting window. After the Draft Standard is posted, the WECC Standing Committees shall participate in at least one Joint Session addressing the Draft Standard; and individual Standing Committees may conduct additional discussions or webinars.

Step 7 – Ballot Pool Vote on Recommendation to Board. The voting window will be 15 days, but may be extended by the WSC until a quorum is achieved. Each WECC member or Participating Stakeholder may cast one vote in each eligible voting sector. Voters rejecting the Draft Standard will be required to provide an explanation of their vote. A two-thirds quorum of the Ballot Pool based on the total number of Ballot Pool members (counting abstentions and incomplete responses) is required. A weighted majority vote of the Ballot Pool is required for a Draft Standard to be approved. Step 7 sets forth the procedure for calculating the weighted Sector vote. If the Ballot Pool approves the Draft Standard, the WSC shall submit it to the WECC Board. If the Ballot Pool rejects the Draft Standard, the WSC may, by majority vote of its membership, decide to amend or modify the Draft Standard or to remand it to the Drafting Team to amend or modify it, followed thereafter by a rebalot; or, the WSC may allow the Draft Standard to terminate.

Step 8 – Appeals Process. The WSC may be asked to reconsider its decisions. The rejection of a request for reconsideration by the WSC may be appealed to the WECC Board. A Draft Standard recommended by the WSC may be appealed on either technical or due process grounds.

Step 9 – Board Approval. A majority vote of the WECC Board, in accordance with Sections 7.2 and 7.4.1 of the WECC Bylaws, is required to approve a recommended Standard. If the Draft Standard is not approved, the WECC Board may return it to the WSC for further work, or may terminate the Standard development activity.

Step 10 – ERO Review, FERC [or applicable Canadian or Mexican authority] Approval and Implementation of Reliability Standards.

Step 11 – Implementation of Standards Not Subject to ERO/FERC/Other Approval. All new and modified WECC Standards not subject to ERO review and FERC, Canadian or Mexican approval (Step 10) shall become effective as ordered by the WECC Board.

- The Interpretation of Regional Standards and Regional Criteria section is a new section that establishes procedures for requesting, developing (through an Interpretation Drafting Team), balloting, adopting (by the WECC Board), and submitting to NERC and to FERC (and/or applicable Canadian or Mexican authorities) for approval, an interpretation of a Regional Reliability Standard or Regional Criteria.
- The Special Procedures for Addressing Regulatory Directives section is a new section that establishes procedures for further actions if the WECC Board determines that the WECC Standards Process did not result in a proposed Draft Standard that addresses a directive issued by FERC or by an applicable Canadian or Mexican regulatory authority. The actions available to the WECC Board include remanding to the WSC a Standard that the Ballot Pool has approved; and remanding to the WSC a Standard that the Ballot Pool failed to approve, for additional consideration and rebaloting. If the Draft Standard is not approved through a rebalot, the WECC Board has the authority to (i) submit the Draft Standard to the regulatory authority with a request that it be made effective or a recommendation that it not be made effective; or (ii) direct the WSC to prepare a Draft Standard that addresses the regulatory directive, which the WECC Board may then submit to the regulatory authority with a request that it be made effective or a recommendation that it not be made effective.

**ATTACHMENT 1**

**LETTER FROM WECC**





Steven F. Goodwill  
Vice President and General Counsel

801-883-6857  
[sgoodwill@wecc.biz](mailto:sgoodwill@wecc.biz)

**VIA EMAIL**

October 3, 2011

Mr. David N. Cook  
Senior Vice President and General Counsel  
North American Electric Reliability Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005

Dear Mr. Cook:

The attached amendments to the WECC Bylaws and standards development procedures were approved by the WECC Board of Directors and Membership in accordance with the Bylaws at meetings of the Board and Membership in August 2008 and March and June 2011. WECC requests the amended Bylaws and revised standards development procedures be presented for NERC Board of Trustees (BOT) approval at its scheduled meeting on November 3, 2011 and subsequent filing for Federal Energy Regulatory Commission (FERC) approval.

Approval by FERC will necessitate revision of Exhibits B and C of the NERC-WECC delegation agreement. Consequently, WECC will be prepared to execute the revised delegation agreement following receipt of Commission approval of the Bylaws amendments and revised standards development procedures.

If you need anything further regarding this matter, please don't hesitate to contact me at [sgoodwill@wecc.biz](mailto:sgoodwill@wecc.biz) or 801-883-6857.

Sincerely,

Steven F. Goodwill  
Vice President and General Counsel

Attachments:

1. Amended WECC Bylaws – redline version
2. Revised Standards Development Procedures – redline version

**ATTACHMENT 2**

**EXHIBIT B TO WECC DELEGATION AGREEMENT –**

**WECC BYLAWS**

**REDLINED TO SHOW PROPOSED AMENDMENTS**

## Exhibit B – Governance

Exhibit B shall set forth the Regional Entity's bylaws, which NERC agrees demonstrate that the Regional Entity meets the following criteria:

**CRITERION 1:** The Regional Entity shall be governed by an independent board, a balanced stakeholder board, or a combination independent and balanced stakeholder board. (Federal Power Act § 215(e)(4)(A), 18 C.F.R. § 39.8(c)(1), Order No. 672 at ¶ 727.)

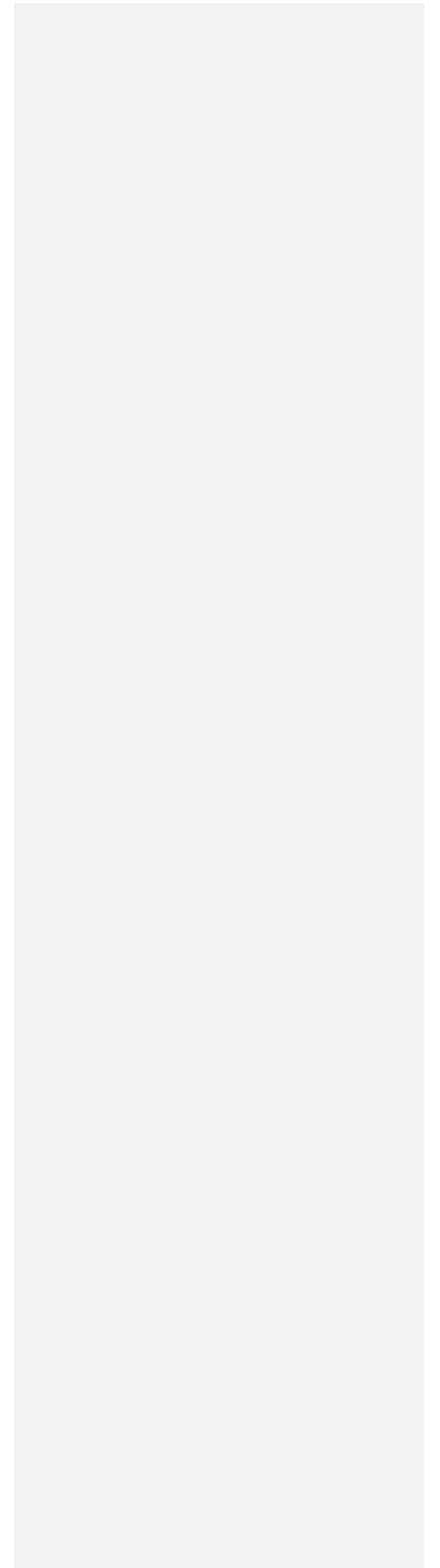
**CRITERION 2:** The Regional Entity has established rules that assure its independence of the users and owners and operators of the bulk power system, while assuring fair stakeholder representation in the selection of its directors. Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 699, 700.)

**CRITERION 3:** If the Regional Entity has members, the Regional Entity has established rules that assure that its membership is open, that it charges no more than a nominal membership fee and agrees to waive the fee for good cause shown, and that membership is not a condition for participating in the development of or voting on proposed Regional Reliability Standards. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶¶ 170-173.)

**CRITERION 4:** The Regional Entity has established rules that assure balance in its decision-making committees and subordinate organizational structures and assure no two industry sectors can control any action and no one industry sector can veto any action. (Federal Power Act § 215(c)(2)(A) and (e)(4), 18 C.F.R. § 39.8(c)(2), Order No. 672 at ¶ 728.)

**CRITERION 5:** The Regional Entity has established rules that provide reasonable notice and opportunity for public comment, due process, openness, and balance of interests in exercising its duties. (Federal Power Act § 215(c)(2)(D) and (e)(4), 18 C.F.R. § 39.8(c)(2).)

**BYLAWS  
OF  
THE  
WESTERN ELECTRICITY COORDINATING COUNCIL**



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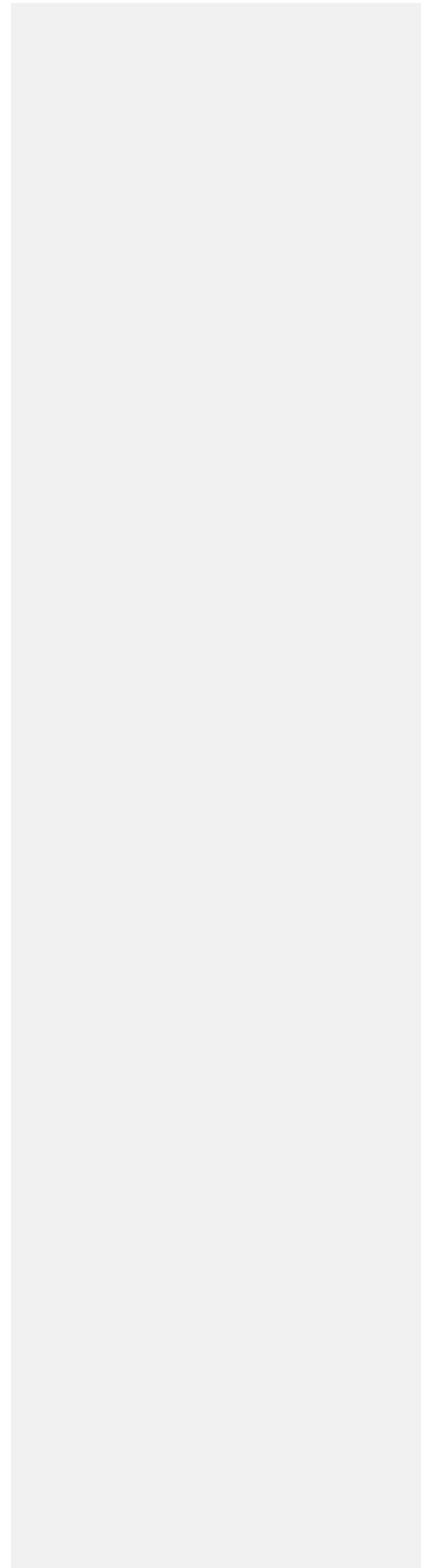
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- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures



**BYLAWS**  
**Of**  
**The**  
**WESTERN ELECTRICITY COORDINATING COUNCIL**

**1. Mission.**

The Western Interconnection is the geographic area containing the synchronously operated electric grid in the western part of North America, ~~which includes parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington and the Canadian provinces of British Columbia and Alberta.~~

The Western Electricity Coordinating Council (“WECC”) is a Utah nonprofit corporation with the mission to do the following consistent with these Bylaws: 1) maintain a reliable electric power system in the Western Interconnection that supports efficient competitive power markets (“Reliability Mission”); and 2) assure open and non-discriminatory transmission access among Members and provide a forum for resolving transmission access disputes between Members consistent with FERC policies where alternative forums are unavailable or where the Members agree to resolve a dispute using the mechanism provided in Section 11 (“Transmission Access Mission”).

**2. Furtherance of ~~the~~ WECC’s Mission**

**2.1 Activities to Carry Out WECC’s Reliability Mission.**

- 2.1.1 Compliance with the Federal Power Act. ~~The~~ WECC will carry out responsibilities and exercise rights of a Regional Entity organized on an interconnection-wide basis pursuant to Section 215 of the Federal Power Act, including any responsibilities and rights delegated to it by the ERO pursuant to a Delegation Agreement.
- 2.1.2 Agreements with Canada and Mexico. ~~The~~ WECC will carry out responsibilities and exercise rights pursuant to International Reliability Agreements with Canadian or Mexican authorities.
- 2.1.3 Regional Coordination. ~~The~~ WECC will act as a coordinating entity for the entire Western Interconnection for activities of regional organizations with responsibilities for reliability and market functions.
- 2.1.4 Standard Setting. ~~The~~ WECC will develop and adopt reliability, operating, and planning standards, criteria and guidelines necessary to maintain the reliable operation of the Western Interconnection’s interconnected bulk power system, including seeking, as appropriate, variances from standards of the ERO (or any

successor organization which may be created by legislation or otherwise), as well as providing a process for regional variances.

- 2.1.5 Certification of Grid Operating Entities. ~~The~~WECC will certify Grid Operating Entities in the Western Interconnection.
- 2.1.6 Reliability Assessment. ~~The~~WECC will ensure that interconnected bulk electric system reliability assessments are conducted as needed. ~~The~~WECC will do this work in conjunction with the Regional Entities to the greatest extent possible. ~~The~~WECC will also facilitate coordinated reliability assessments among Regional Entities.
- 2.1.7 Compliance Activities. With respect to enforcement of reliability standards, ~~the~~WECC will:
  - 2.1.7.1 implement the Reliability Management System in effect as of ~~the~~WECC's formation and as the Reliability Management System may be subsequently modified in accordance with its terms;
  - 2.1.7.2 implement any enforcement mechanisms delegated to it pursuant to Section 215 of the Federal Power Act and any Delegation Agreement with the ERO, or required by any International Reliability Agreement with a Canadian or Mexican authority; and
  - 2.1.7.3 administer any other enforcement mechanisms developed through voluntary processes after ~~the~~WECC's formation, where ~~the~~WECC is designated to perform administration.
- 2.1.8 Coordinated Regional Planning. With respect to the coordination of regional planning activities, ~~the~~WECC:
  - 2.1.8.1 will develop coordinated planning policies and procedures for the Western Interconnection, including facilitation of market-based solutions, consistent with WECC/ERO standards and FERC policy.
  - 2.1.8.2 will review and assess Local Regional Entity planning processes to determine whether WECC planning procedures have been satisfied;
  - 2.1.8.3 will refer planning matters back to the originating Local Regional Entity for revision or other corrective actions when the WECC Board determines that WECC planning procedures have not been satisfied; and
  - 2.1.8.4 may perform other interconnection-wide studies as needed.
- 2.1.9 Coordinated Operations. With respect to coordinating reliable operating activities within the Western Interconnection, ~~the~~WECC will develop, coordinate and promote

consistent interregional operating policies and procedures for the Western Interconnection, consistent with WECC/ERO standards and FERC policy.

2.1.10 Market Interface Issues. With respect to Market Interface issues ~~the~~ WECC will:

2.1.10.1 facilitate development of compatible and efficient practices across the Western Interconnection; and

2.1.10.2 exercise Backstop Authority where an unresolved Market Interface issue will cause Material External Impacts by taking some or all of the following actions: 1) providing a forum for and coordinating voluntary solutions among Members; 2) recommending specific solutions for voluntary adoption by Members; and 3) if necessary, proposing solutions to an Applicable Regulatory Authority.

2.1.11 Dispute Resolution. ~~The~~ WECC will provide a process for the timely resolution of disputes between WECC Members as set forth in Section 11.

## **2.2 Activities to Carry Out WECC's Non-Discriminatory Access Mission.**

2.2.1 In accordance with Section 10 of these Bylaws, ~~the~~ WECC will ensure the provision of non-discriminatory transmission access between Members.

2.2.2 In accordance with Section 10 of these Bylaws, ~~the~~ WECC will provide for the submission of Open Access Transmission Tariffs (or petitions for exemption) by all Members that own or operate Transmission Facilities.

## **2.3 Organizational Characteristics.**

As ~~the~~ WECC carries out activities to fulfill its mission, it will seek to develop and maintain the following characteristics:

2.3.1 dedication to serving the individuals, businesses, and other organizations that generate, transmit, distribute, market, and use electrical energy in the Western Interconnection;

2.3.2 efficiency in its administration, decision-making, policy and standards development, and dispute resolution processes;

2.3.3 the ability to maintain status as an Interconnection-wide regional reliability entity and be afforded deference and delegation by ERO (or successor organization); and

2.3.4 fair and open processes through which practices, policies, and standards are developed and implemented based on sound technical and policy analysis.

- 2.3.5 Promote an efficient western electric market by reducing or eliminating conflict, duplication and overlap among electric organizations in the Western Interconnection.

### 3. Definitions.

#### 3.1 Affiliate.

An Entity that directly or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another Entity. An Entity “controls” any Entity in which it has the power to vote, directly or indirectly, 5% or more of the voting interests in such entity or, in the case of a partnership, if it is a general partner. Notwithstanding the foregoing definition, for purposes of these Bylaws: 1) electric distribution cooperatives that are member-owners of a generation and transmission cooperative are not Affiliates of the generation and transmission cooperative or of each other; 2) an entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or U.S. federal or Canadian or Mexican national government will not be considered an Affiliate of any other entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or federal government; 3) separate agencies of a single state or province, or of the U.S. federal or Canadian or Mexican national government will not be considered Affiliates of each other, regardless of any commonality of political control; 4) members of any joint powers authority, and such joint powers authority, will not be considered Affiliates of each other; and 5) members of an RTO will not be considered Affiliates of such RTO or of each other solely as a result of such membership.

#### 3.2 Annual Meeting.

The annual membership meeting of WECC, as described in Section 5.3.

#### 3.3 Applicable Regulatory Authority.

The FERC or any state or provincial government agency with jurisdiction to regulate or directly affect the transmission of electricity within the Western Interconnection.

#### 3.4 Backstop Authority.

The ability, obligation, or responsibility of ~~the~~ WECC to address an issue when the WECC Board determines that a Local Regional Entity(ies) holding Primary Authority has not resolved an issue, has created incompatible resolutions or has not acted. In each case where these Bylaws authorize ~~the~~ WECC to exercise Backstop Authority, the provisions that authorize Backstop Authority will also specify the conditions necessary to trigger Backstop Authority and the actions that fall within ~~the~~ WECC’s exercise of Backstop Authority.

#### 3.5 Balancing Authority.

The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

**3.6 Ballot Body.**

The Ballot Body consists of WECC members and non-members that have been determined eligible for the voting sectors described in 8.5.5.2 and may, therefore, vote on Regional Criteria and Regional Reliability Standards.

**3.7 Ballot Pool.**

A Ballot Pool consists of a self-selected set of members of the Ballot Body who join the Ballot Pool for a given Regional Criterion or Regional Reliability Standard during a designated window of opportunity provided by WECC either prior to balloting or prior to the close of balloting.

**3.53.8 Board of Directors (Board).**

WECC Board of Directors, collectively, as described in Section 6.

**3.63.9 Canadian Delegation.**

Canadian WECC Members.

**3.73.10 Canadian Director.**

A member of the WECC Board of Directors that is either a representative from a Canadian Member of WECC or an individual currently residing in Canada and qualified to provide expertise on Canadian interests on the WECC Board of Directors.

**3.83.11 Class.**

A grouping of Members described in Sections 4.2.1 through 4.2.7 and 4.3.

**3.93.12 Commercial Practices.**

The products and practices involved in trading electricity. The term “Commercial Practices” only refers to an interaction among market entities that does not affect or require assistance from Grid Operating Entities that have grid reliability responsibilities.

**3.103.13 Compliance Hearing Body.**

The hearing body formed in accordance with procedures established in the WECC Delegation Agreement with the ERO for the purpose of providing a balanced compliance panel to conduct hearings for the resolution of disputes concerning compliance with or enforcement of Reliability Standards that may arise between WECC (acting as Compliance Enforcement Authority for the Western Interconnection) and a Registered Entity.

**3.11 — Control Area:**

An electric power system (or combination of electric power systems) to which a common automatic generation control scheme is applied in order to: 1) match, at all times, the power output of the generating units within the electric power system(s), plus the energy purchased from entities outside the electric system(s), minus energy sold to entities outside the electric system(s), with the demand within the electric power system(s); 2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice; 3) maintain the frequency of the electric power system(s)

~~within reasonable limits in accordance with Good Utility Practice; and 4) provide sufficient generating capacity to maintain operating reserves in accordance with Good Utility Practice.~~

**3.123.14 Cross-Border Regional Entity.**

A Regional Entity that encompasses a part of the United States and a part of Canada or Mexico, and may therefore be delegated authority to propose and enforce Reliability Standards in Canada or Mexico by virtue of applicable contractual or regulatory mechanisms.

**3.133.15 Delegation Agreement.**

An agreement between the ERO and ~~the~~ WECC pursuant to Section 215 of the Federal Power Act by which the ERO delegates to ~~the~~ WECC designated powers, rights and responsibilities regarding the administration within the Western Interconnection of electric Reliability Standards adopted or approved by the ERO and the FERC.

**3.143.16 Director.**

An individual member of the WECC's Board of Directors.

**3.153.17 Electric Line of Business.**

The generation, transmission, distribution, or trading of electricity or the provision of related energy services in the Western Interconnection.

**3.163.18 Electric Reliability Organization (ERO).**

The organization certified by FERC under 18 C.F.R. §39.3, the purpose of which is to establish and enforce Reliability Standards for the bulk-power system in the United States, subject to FERC review.

**3.173.19 Entity.**

Any individual, person, corporation, partnership, association, governmental body or organization of any kind.

**3.183.20 FERC.**

The Federal Energy Regulatory Commission or any successor.

**3.193.21 Good Utility Practice.**

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

**3.203.22 Grid Operating Entity.**

Any operating entity, such as a ~~control area operator~~ Balancing Authority, that is certified pursuant to Section 2.1.5 of these Bylaws to be responsible for reliable operation of a portion of the Western Interconnection.

~~**3.21 Participating Stakeholder.**~~

~~Any person or entity that is not a WECC Member, but is an interested stakeholder and has applied and been granted, pursuant to Section 8.6.2, the participation and voting rights set forth in Section 8.6.1.~~

**3.223.23 International Reliability Agreement.**

An agreement between ~~the~~ WECC and any appropriate Canadian or Mexican authority related to WECC's powers, rights and responsibilities regarding the administration within the Western Interconnection of electric Reliability Standards.

**3.233.24 Local Regional Entity.**

A regional transmission organization or some other formally or informally constituted regional organization or group within the Western Interconnection, including but not limited to a ~~Control Area~~ Balancing Authority, a group of ~~Control Areas~~ Balancing Authorities acting in concert, or a group of Entities that own or operate Transmission Facilities acting in concert. These Local Regional Entity boundaries can be reevaluated or modified over time.

**3.243.25 Market Interface.**

Market Interface involves all interactions among market entities and Grid Operating Entities related to transmission service and physical delivery.

~~**3.253.26**~~ **Material External Impacts (MEI).**

Significant effects on another Local Regional Entity or market within the Western Interconnection but outside of the Local Regional Entity or market adopting a policy, standard, practice or procedure, or implementing an action.

~~**3.263.27**~~ **Member.**

Any entity that has applied and been accepted for membership in ~~the~~ WECC and is current in the payment of dues.

~~**3.273.28**~~ **Member Class Director.**

A Director elected by a Class in accordance with Section 6.4 of these Bylaws.

~~**3.283.29**~~ **Mexican Delegation.**

Mexican WECC Members.

~~**3.293.30**~~ **Mexican Director.**

A member of the WECC Board of Directors that is either a representative from a Mexican Member of WECC or an individual currently residing in Mexico and qualified to represent Mexican interests on the WECC Board of Directors.



~~3.30~~3.31 **Non-Affiliated Director.**

A Director elected by the Members who satisfies the requirements of Section 6.5.1 of these Bylaws.

~~3.31~~3.32 **Open Access Tariff.**

A tariff offering transmission service which meets the requirements applicable to FERC orders regarding open access.

**3.33 Participating Stakeholder.**

Any person or entity that is not a WECC Member, but is an interested stakeholder and has applied and been granted, pursuant to Section 8.6.2, the participation and voting rights set forth in Section 8.6.1.

~~**3.32 Organizing Meeting.**~~

~~The first formal membership meeting of the WECC.~~

~~3.33~~3.34 **Primary Authority.**

The ability, obligation, or responsibility of an entity to address an issue in the first instance.

**3.35 Regional Criteria**

A WECC Board Approved document whose purpose is to establish consistency among WECC member entities with respect to business practices, technical procedures, documentation procedures or administrative procedures. Regional Criteria include specific procedures or requirements and must be approved by the Board. New and revised Regional Criteria shall be established using the WECC Standards Development Procedures.

~~3.34~~3.36 **Regional Entity (RE).**

An entity having enforcement authority pursuant to 18 C.F.R. §39.8.

~~3.35~~3.37 **Regional Transmission Organization (RTO).**

An entity approved by the Federal Energy Regulatory Commission as meeting the requirements and performing the functions of a regional transmission organization pursuant to FERC Order 2000 and subsequent related orders.

~~3.36~~3.38 **Registered Entity.**

An owner, operator, or user of the bulk-power system or the entities registered as their delegates for the purpose of compliance in the North American Electric Reliability Corporation Regional Compliance Registry.

~~3.37~~3.39 **Reliability Management System**

The contracts, separate from these Bylaws, by which Members and other parties agree to certain procedures and sanctions intended to enforce specified Reliability Practices to maintain reliable electric service throughout the Western Interconnection.

**3.38 Reliability Practices.**

~~Policies, practices and standards designed to ensure the adequacy and security of the Western Interconnection in accordance with applicable reliability criteria (e.g. ERO, WECC, Local Regional Entity criteria).~~

**3.393.40 Reliability Standard.**

A requirement approved by FERC under section 215 of the Federal Power Act, to provide for reliable operation of the bulk-power system in the United States. The term includes requirements for the operation of existing bulk-power system facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary to provide for reliable operation of the bulk-power system, but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity. A Reliability Standard for the Western Interconnection shall only apply to entities outside of the U.S. portion of the Western Interconnection upon approval by the appropriate Canadian or Mexican regulatory authority. Reliability Standards include Regional Reliability Standards and Continent-wide standards. Reliability Standards are adopted by the North American Electric Reliability Corporation (“NERC”). Regional Reliability Standards are specific to the Western Interconnection and shall be established using the WECC Standards Development Procedures~~may also be approved by Canadian and Mexican regulatory authorities.~~

**3.403.41 Reliability Standards Development Procedures.**

The ~~P~~rocess for ~~D~~eveloping and ~~A~~pproving WECC Regional Reliability Standards (or its successor) attached as Exhibit C to the Delegation Agreement between WECC and North American Electric Reliability Corporation.

**3.413.42 Transmission Facilities.**

Those facilities that are defined as “transmission facilities” by FERC for purposes of the open access requirements of Section 210 and 211 of the Federal Power Act or any facilities which would be so defined if the Member were subject to FERC jurisdiction.

**3.423.43 Western Interconnection.**

The geographic area containing the synchronously operated electric transmission grid in the western part of North America, which includes ~~parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of in the United States~~ Arizona, California, ~~Colorado,~~ Idaho, Nevada, Oregon, Utah, and Washington, as well as parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Colorado; parts of and the Canadian Provinces of British Columbia and Alberta; and Baja California Norte, Mexico.

**4. Members and Membership.**

**4.1 Voluntary Membership.**

Except as otherwise may be required by applicable authority, membership in ~~the~~ WECC is voluntary. A Member may withdraw upon giving the Secretary thirty (30) days’ advance

written notice. Notwithstanding such notice of withdrawal, all contracts (including any Reliability Management System Agreement), FERC orders, unpaid Member costs, decisions of arbitration and requests for transmission service made to the withdrawing Member in effect or pending as of the date of the written notice of withdrawal will be followed through to completion, pursuant to these Bylaws, by the withdrawing Member; however, pending requests for transmission service to be provided to such withdrawing Member will be void for the purposes of these Bylaws. Nothing herein will relieve any Member withdrawing from ~~the~~ WECC from any obligation it may have under applicable law including, but not limited to, Section 215 of the Federal Power Act. A Member that withdraws is obligated to pay any unpaid dues owed through the remainder of the fiscal year in which its resignation becomes effective. Any Director employed by a withdrawing Member will be deemed to have resigned pursuant to Section 6.8.

#### **4.2 Eligibility for Membership.**

Subject to Section 4.5, any Entity that is an interested stakeholder or that meets the criteria for membership in the membership classes described in Sections 4.2.1 through 4.2.7 may be a Member of ~~the~~ WECC:

- 4.2.1 Class 1. Electric Line of Business Entities owning, controlling or operating more than 1000 circuit miles of transmission lines of 115 kV and higher voltages within the Western Interconnection.
- 4.2.2 Class 2. Electric Line of Business Entities owning, controlling or operating transmission or distribution lines, but not more than 1,000 circuit miles of transmission lines of 115 kV or greater, within the Western Interconnection.
- 4.2.3 Class 3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control or operate transmission or distribution lines in the Western Interconnection, including power marketers, independent power producers, load serving entities and any other Entity whose primary business is the provision of energy services.
- 4.2.4 Class 4. End users of significant amounts of electricity in the Western Interconnection, including industrial, agricultural, commercial and retail entities as well as organizations in the Western Interconnection that represent the interests of a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public or the environment.
- 4.2.5 Class 5. Representatives of states and provinces in the Western Interconnection, provided that such representatives will have policy or regulatory roles and do not represent state or provincial agencies and departments whose function involves significant direct participation in the market as end users or in Electric Line of Business activities.
- 4.2.6 Class 6. Canadian members of other classes pursuant to Section 4.3.

4.2.7 Class 7. Members at large, that is, entities that are not eligible for membership in the other Member Classes and who have a substantial interest in the purposes of ~~the~~ WECC.

**4.3 Designation of Membership Class.**

A Member of WECC may not belong to more than one Class except that for purposes of electing Canadian Directors and for populating the Governance and Nominating Committee, there shall be a Class 6 composed of all Canadian Members from any of the Member Classes defined in Section 4.2 except Class 7. An applicant for membership will designate the Class for which it qualifies based upon the criteria for membership set forth in Section 4.2 and these additional requirements: 1) all Members that are Electric Line of Business Entities must belong to Classes 1, 2 or 3; and 2) any Member owning, controlling or operating Transmission Facilities or distribution facilities must belong to Class 1 or 2 unless the Board grants the Member's petition for a change in Member Class pursuant to the provisions of Section 4.4 of these Bylaws. Applications for membership will be submitted to ~~the~~ WECC. WECC staff will review the application to verify eligibility for membership and Member Class designation. An applicant whose application has been rejected or any Member who disputes the WECC staff's determination regarding the appropriate Member Class designation may request review by the Governance and Nominating Committee. If the applicant or any Member disagrees with the Governance and Nominating Committee's decision, the applicant or such Member may appeal this decision to the Board.

**4.4 Changes in Membership Class.**

Notwithstanding any other provision of these Bylaws, upon a petition from a Member, the WECC staff (subject to review by the Governance and Nominating Committee and appeal to the Board) may allow the Member to change Member Class if the interest of the Member is more closely aligned with the proposed Class than the Member's current Class.

**4.5 Affiliates and Distinct Business Entities.**

An Affiliate of a Member that satisfies the membership qualifications may also become a Member provided:

4.5.1 The Affiliate applying for membership and the Member disclose to the Chief Executive Officer all Affiliates that are WECC Members and the Classes to which the Affiliates belong. Every Member will promptly notify the Chief Executive Officer whenever it becomes, or ceases to be, an Affiliate of any other Member.

4.5.2 Affiliates may be members of the same Class; provided, however, a group of Affiliates within a single Class may only have one vote in any WECC forum. A group of Affiliates within a single Class may, by providing written notice to the Chief Executive Officer, split their single vote pro rata or designate a single Affiliate as the group's voting Member.

4.5.3 For good cause shown and with the express approval of the Board, a company or organization containing functionally distinct entities within it may obtain separate

memberships for such entities; provided that such entities will be considered Affiliates.

- 4.5.4 The Board may adopt a policy regarding whether Members may share the benefits of membership (including the right to receive information that is only available to Members) with a non-member Affiliate.

4.5.5 Upon receiving applications from non-WECC members to join the Ballot Body, WECC staff shall require such non-WECC members to identify their affiliations with other Ballot Body members in their applications to join the Ballot Body. WECC staff shall limit voting of affiliated non-WECC members in the same manner that would be used to limit voting by WECC member organizations.

#### **4.6 Rights and Obligations of Membership.**

Except as otherwise provided in these Bylaws or other applicable authority, Members of ~~the~~ WECC have the following general rights and obligations:

- 4.6.1 The right to elect and remove Directors as described in Sections 6.4, 6.5 and 6.7;
- 4.6.2 The right to amend these Bylaws, and to review and rescind any Board amendment of these Bylaws, in accordance with Section 13;
- 4.6.3 The right to receive appropriate meeting notices, as well as reports and information produced by ~~the~~ WECC;
- 4.6.4 The right to attend, participate and vote in all WECC Member meetings and the right to attend Board meetings (other than closed sessions of Board meetings) and to comment upon all matters considered in such meetings;
- 4.6.5 The right to be a member of, attend meetings of, and to introduce motions, debate and to vote in the deliberations of WECC committees, subject to the limitations of these Bylaws and such other reasonable limitations as the Board may adopt from time to time;
- 4.6.6 The right to obtain non-discriminatory transmission access from other Members in accordance with applicable law and Section 10 of these Bylaws;
- 4.6.7 The right to invoke the dispute resolution provisions of these Bylaws;
- 4.6.8 The right to petition the Board to take any action consistent with applicable law (including Section 215 of the Federal Power Act and implementing orders and regulations), these Bylaws and the articles of incorporation and to have such petition voted upon in a reasonable and timely manner;

- 4.6.9 The obligation to abide by these Bylaws, decisions resulting from the dispute resolution process, and all standards or decisions of ~~the~~ WECC, subject to the exceptions set forth in Section 4.7 and the enforcement provisions of Section 4.8.
- 4.6.10 For Members owning or operating Transmission Facilities, or possessing transmission capacity rights by contract, the obligation to provide non-discriminatory transmission access to other Members through a regional transmission organization, the submittal of an Open Access Tariff with the FERC or in accordance with Section 10 of these Bylaws;
- 4.6.11 The obligation to notify the Chief Executive Officer promptly of changes with respect to Affiliates as provided in Section 4.5.1 of these Bylaws; and
- 4.6.12 The obligation to pay in a timely manner the membership dues pursuant to Section 12.
- 4.6.13 The obligation to provide system data that the Board has determined is necessary for WECC functions and does not impose an undue burden on the Members; provided, however, that the Board shall adopt appropriate limitations on this obligation or procedures that protect, and avoid the unnecessary collection of, confidential, privileged, trade secret, cybersecurity or critical energy infrastructure information or other information that the Board determines merits such protection consistent with applicable law.

#### **4.7 Limitations on Member Obligations.**

The obligation of Members pursuant to Section 4.6.9 will not require any Member to take any action which the Member in good faith determines: 1) would exceed the physical capabilities of the Member's electric system (or any part of another's electric system that the Member has the legal right to cause to comply with a WECC action governed by Section 4.6.9); 2) would create serious and immediate risks to public health or safety (provided, however, that the shedding of load shall not in and of itself be deemed a serious and immediate risk to public health and safety for the purpose of this section); 3) would create an immediate risk of serious damage to facilities or equipment within its electric system or cause it to operate any of its electric facilities or equipment in an unsafe manner; 4) would cause the Member to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision or other legal obligation; or 5) would conflict with any non-power requirement applicable to the Member (including without limitation any obligation under environmental laws, regulations, court and administrative decisions or biological opinions).

Each Member shall retain sole control of its facilities and the use thereof, and a Member shall not be required to construct or dedicate facilities for the benefit of any other Member, or be required to take action, or refrain from action, as may be deemed necessary to maintain reliable service to its own customers and/or to fulfill its obligations to third parties; provided, that a Member shall comply with duly-adopted reliability standards applicable to its system and shall comply with any directives under existing security coordination agreements.

Nothing in these Bylaws is intended to preclude application of Section 210 or 211 of the Federal Power Act and Section 10 of these Bylaws. The above limitations shall not be construed as altering a Member's obligation to comply with applicable Reliability Standards or enforcement orders, or any other obligation arising under 18 C.F.R. Part 39.

#### **4.8 Compliance and Enforcement.**

The power of ~~the~~ WECC to enforce Member obligations other than compliance with Reliability Standards and other obligations arising under 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements is limited to suspension or termination of membership as set forth in this Section; provided, however, that: 1) nothing in this Section will limit the power of Members to agree to additional enforcement provisions in separate contracts (such as contracts pursuant to the Reliability Management System); 2) nothing in this Section will limit the power of ~~the~~ WECC to propose solutions regarding Market Interface issues to any Applicable Regulatory Authority as described in Section 2.1.10; and 3) nothing in this Section will limit WECC's delegated authority under Section 215 of the Federal Power Act and 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements to enforce Reliability Standards and perform other delegated functions within the Western Interconnection. The Board may suspend or, to the extent consistent with applicable law, terminate the membership of any Member for a material failure to meet any obligation of membership set forth in these Bylaws, including, but not limited to: 1) non-payment of dues sixty (60) days after the dues become delinquent; 2) intentionally or repeatedly violating any WECC Bylaw; 3) materially breaching or intentionally violating any FERC order or arbitration decision issued pursuant to these Bylaws; or 4) willfully obstructing any lawful purpose or activity of ~~the~~ WECC. The Board will give the affected Member not less than twenty-one (21) days prior written notice of any proposed suspension or termination, which will include the specific basis for the proposed action and, if applicable, instructions on curing the problem.

4.8.1 Suspension. The suspension of a Member will not affect the Member's rights and obligations other than that the Member, and any Director employed by or affiliated with the Member, will not be entitled to vote at any meeting of the Members, Classes, Directors, or any committee until the suspension is removed except that a suspended Member may vote in WECC committee and subcommittee meetings on proposed Reliability Standards or revisions to Reliability Standards.

4.8.2 Termination. The termination of membership will have the same effect, and be subject to the same continuing obligations, as such Member's withdrawal pursuant to Section 4.1 (including the provision therein regarding resignation of any Director employed by such Member), except that it will be effective immediately upon the noticed date pursuant to Section 4.8.

#### **4.9 WECC Structure and Governance Review Related to Regional Transmission Organizations.**

At least each five years, the Board of Directors will conduct a thorough assessment of whether ~~the~~ WECC is fulfilling its purposes in a manner that is consistent with: 1) the provisions of Section 2.3 of these Bylaws; and 2) the then-current state and the expected

future evolution of the electric power industry within the Western Interconnection. In particular, the Board will focus on whether the standards, obligations, processes, and decisions ~~the~~ WECC imposes on its Members are timely, fair, effective, and reasonable in view of the commercial, legal, regulatory, and economic needs and objectives of the affected Members. The Board will evaluate ~~the~~ WECC's Board composition, Member Class structure, committee structure and activities, and staff responsibilities as they relate to the foregoing considerations. The assessment required by this Section 4.9 will be accompanied by Board recommendations for any changes the Board determines are warranted by the assessment. The assessment and recommendations prepared by the Board in accordance with this Section 4.9 will be submitted in writing to the Members at the first annual Member meeting held after they are completed.

## 5. Procedures for Member Decisions.

### 5.1 Quorum.

With the exception of voting on Regional Reliability Standards and Regional Criteria under the oversight of the WECC Standards Committee, mMembers may conduct business and take votes only at duly noticed Member meetings. Members may not conduct any business of the membership as a whole at any meeting unless a quorum is first established. A majority of all Members, including a majority in at least three (3) Classes, will constitute a quorum for all meetings of the membership as a whole. A majority of the members of a Class will constitute a quorum for all Member Class meetings. Inactive Members, as defined in Section 5.9 of these Bylaws, will not be counted in determining a quorum at membership or Member Class meetings. A quorum, once established, will be deemed to continue for the balance of any Member or Member Class meeting, except that no election of Directors may occur without a quorum being present. Members may designate an alternate representative or submit an absentee ballot in a form consistent with Section 6.6 for any Member or Member Class meeting. No Class may elect Member Class Directors without a majority of the members of the class being present either in person, or by designation of an alternate representative, or by the submission of an absentee vote. At a duly noticed meeting of the membership as a whole where a quorum of the membership has not been established, or at any duly noticed meeting of a Class meeting on its own, a Class may elect Member Class Directors notwithstanding the lack of quorum for action by the membership as a whole, provided a majority of the Members of a Class are present in person, or by designation of an alternate representative, or have submitted an absentee vote.

### 5.2 General Membership Meetings.

All business of the Members acting as a whole will be conducted at meetings called by advance notice to all WECC Members provided in accordance with Section 5.5. Unless stated otherwise in these Bylaws, decisions at all meetings of the Members or of Member Classes will be by simple majority vote of the Members present or otherwise represented in accordance with these Bylaws, with each Member having one vote. The Chair of the Board will preside over all Member meetings.

### 5.3 Annual Member Meetings.

~~The~~ WECC will hold an Annual Meeting of all Members at a time and place determined by the Board. At the Annual Meeting, in addition to such other actions the Members may take,



all Member Classes together will elect Non-Affiliated Directors and each Class eligible to do so will elect Member Class Directors.

**5.4 Special Member Meetings.**

Members may hold special meetings whenever called by the Board. The Board will call special Member meetings whenever a majority of the Members of any Class request a special meeting or at such other times as it deems appropriate. The Chair of the Board will preside over all special Member meetings.

**5.5 Member Class Meetings**

An individual WECC Member Class, including Class 6 consisting of the Canadian Delegation, may hold a meeting for any purpose relevant to the interests of Class Members, including the election of Member Class Directors by Classes eligible to do so. Such meeting will be initiated by request by one or more Class Member(s), and agreement by at least fifty percent (50%) of Class Members.

**5.6 Notice of Member Meetings.**

5.6.1 Annual Meeting. The Chief Executive Officer will provide at least thirty (30) days' advance notice to all Members and the Board of the date, place and time of the Annual Meeting of the Members and an agenda of the business to be conducted at such meeting.

5.6.2 Other Member Meetings. The Chief Executive Officer will provide notice of regularly scheduled and special meetings of the Members to the Members not less than fifteen (15) days before the meeting if delivered by first-class mail, or not less than ten (10) days before the meeting if the notice is delivered personally, by telephone, by facsimile, electronic mail or express mail. Notice of meetings may not be sent solely by electronic mail. If mailed, such notice will be deemed given when deposited in the United States mail, with first-class postage thereon prepaid, addressed to a Member. Such notice will state the date, time and place of the meeting and the meeting agenda.

5.6.3 Public and ~~Web-S~~Website Notice. Public notice of each meeting of the Members will be placed on WECC's ~~Web~~-website at least ten (10) days before such meeting. In addition, the Chief Executive Officer will provide notice in the same manner and time as set forth in Section 5.6.2 of each meeting to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

**5.7 Open Meetings.**

All Membership meetings are open to observation by the public.

**5.8 Policymaking Authority.**

The Board of Directors may adopt policies for the interpretation and implementation of the meeting and voting procedures established in this Section 5.

### 5.9 Minimum Participation Requirement.

In order to be counted for quorum purposes at a meeting of the membership as a whole or Class meeting, a WECC Member must actively participate (by attending in person, sending an alternate, or voting absentee) in at least one WECC meeting (including meetings of the Board, committees and subcommittees) each year. ~~At least two weeks prior to the WECC Annual Meeting, WECC staff will send a notice to any Member that has, according to organizational records, not satisfied this minimum participation requirement within the previous year. The notice will inform the Member that in order to be counted as an active Member of WECC for voting and quorum purposes, the Member must at a minimum either register for an attend the Annual Meeting and associated Class meetings or participate in the Annual Meeting and associated Class meetings by casting an absentee ballot.~~ If the Member does not meet this minimum participation requirement, the Member will be considered an “inactive” Member until its active status is restored by participation in ~~a WECC Annual Meeting~~ at least one WECC meeting (including meetings of the Board, committees and subcommittees) by attending in person, sending an alternate, or voting absentee. An inactive Member will not be counted toward establishing a quorum of the membership as a whole or of a Class, ~~and an inactive Member will not be entitled to vote at WECC meetings until the Member is reinstated to “active” status by attending in person, sending an alternate or voting absentee at an Annual Meeting and associated Class meetings.~~ An applicant for WECC membership or a WECC Member may at any time self-designate itself an inactive Member. Such designation will be effective until the Member is reinstated to “active” status.

## 6. Governance.

### 6.1 Board of Directors.

Subject to those matters expressly requiring approval of the Membership, a Board of Directors elected by the Members will govern ~~the~~ WECC.

### 6.2 Composition of the Board.

Except as provided in Sections 6.2.1 and 6.2.2, the Board consists of thirty-two Directors as follows: 1) twenty-four (24) Member Class Directors elected by the Member Classes eligible to do so, including Class 6 as defined in Section 6.2.1, (four from Classes 1 through 6); 2) seven (7) Non-Affiliated Directors elected by the WECC Members as a whole (which may include the Chief Executive Officer), and 3) one Mexican Director elected according to Section 6.2.2. As indicated in Section 6.2.1, if there is no Non-affiliated Director whose background and experience would provide the Board expertise on Canadian interests, then the Board size would be increased by one more Director elected by Class 6. In addition, the Board may provide for the CEO of WECC to be a voting member of the Board through the inclusion of such a provision in the resolution the Board adopts appointing WECC’s CEO. Such provision shall not permit the CEO to be a member of a Board committee or to cast either a tie-breaking vote or a vote that creates a tie.

6.2.1 Canadian Interests. For purposes of providing fair and adequate representation of Canadian Interests in numbers that are approximately proportionate to the contribution of net energy for load in that portion of the Western Interconnection located in Canada, the Canadian Delegation shall constitute Class 6 and shall elect

four (4) Canadian Directors, provided that at least one of these Canadian Directors must be affiliated with each of Member Classes 1, 3, and 5. Members of the Canadian Delegation shall vote for Directors in this Class 6 and shall not vote in other Member Class elections. In the initial election of these four Class 6 Directors, one shall have a term of four years, one shall have a term of three years, one shall have a term of two years, and one shall have a term of one year. Thereafter all Canadian Directors will serve a term of three years. Class 6 will also elect a fifth Canadian Director if, following the election of Non-Affiliated Directors at the Annual Meeting, there is no Non-Affiliated Director qualified by virtue of background and experience in Canadian industry or government to provide Board expertise on Canadian interests. This fifth Canadian Director shall serve until the earlier of: 1) the end of a three-year term (provided that this provision will remain in effect and may continue to cause the election of an additional Director); or 2) the election by the Members of a Non-Affiliated Director with the background and experience described in this Section.

6.2.2 Mexican Interests. Whenever there are at least two (2) Members whose head offices and principal place of business are in Mexico or there is one such Member that operates a portion of the Western Interconnection and has signed the Reliability Management System agreement or has agreed to abide by any successor standards compliance system and no person has been elected to the Board by the Classes or Members whose experience or affiliation reflects Mexican interests, the number of Class Member Directors will be expanded by one (1) and the additional Member Class Director will be elected by the Mexican Delegation. This Mexican Director will serve until the earlier of: 1) the end of a three-year term (provided that this provision will remain in effect and may continue to cause the election of an additional Director); or 2) the election by the Members or a Member Class of a person with the experience or affiliation described in this Section.

### **6.3 Term of Office.**

Each Director will hold office for three (3) years. For Directors elected at the Annual Membership Meeting, each three (3) year term shall commence upon the adjournment of the portion of the Annual Member Meeting provided for in Section 5.3, in which all Members are counted for purposes of determining a quorum. Similarly, the three year terms of outgoing Directors shall end upon the adjournment of that portion of the Annual Member Meeting in which all Members are counted for purposes of determining a quorum, whether that results in a longer or shorter term than exactly three years.

### **6.4 Selection and Compensation of Member Class Directors.**

6.4.1 Selection of Member Class Directors. With the exception of Class 7, each Member Class shall be eligible to elect Member Class Directors. Member Class Directors will be elected by Members of their respective Classes of Membership. Each Member Class eligible to elect Member Class Directors may develop its own list of Director candidates or it may ask the Governance and Nominating Committee to develop a list of candidates. If the Governance Nominating Committee is used, it will select at

least two (2) candidates for each vacancy for Member Class Director. In addition, in identifying candidates for Member Class Director positions, the Governance and Nominating Committee will seek to produce a slate of candidates who, together with the Directors from all Member Classes standing for election and continuing in office, will reflect the diversity of regional interests and characteristics within the Western Interconnection. The proposed slate of candidates will be mailed to the Members of the Class at least sixty (60) days before each Member Class Meeting at which the elections are to be held. Additional candidates may be added to the slate upon the submittal of a nomination to the Chief Executive Officer signed by three (3) Members of the Class, or ten percent (10%) of the total number of Members of the Class, whichever is greater. The Chief Executive Officer must receive such nominations at least thirty (30) days before the Member Class Meeting. All candidates identified by the Class (as provided above) or by the Governance and Nominating Committee will be submitted to the Class for election at the Member Class Meeting. Candidates will provide reasonable background information regarding their qualifications and a disclosure statement regarding any affiliations with Electric Line of Business Entities in the Western Interconnection to the Members before each election. The Director candidate(s) receiving the highest number of votes cast by Members of the Class will be elected to the position of Director.

- 6.4.2 Member Class Director Qualifications. Member Classes eligible to elect Member Class Directors may elect any person as a Member Class Director, provided that no Member or group of Affiliated Members may have more than one Director associated with them. Nothing in this Section regarding the election of Directors by Classes of Members is intended to limit, qualify or alter in any manner the fiduciary obligation of Directors to ~~the~~ WECC set forth in Section 6.10.1. A Member Class Director shall notify all Members of the Class from which the Director was elected of any significant change in employment or other significant change in circumstances relevant to the Director's qualifications. Such notice shall be provided in writing as soon as possible and not later than sixty (60) days following the change.
- 6.4.3 Minimum Number of Class Members. Each Class eligible to elect Member Class Directors must have at least four (4) Members to be qualified to nominate and elect representatives to the Board of Directors. If a Class eligible to elect Member Class Directors contains less than four (4) members, then the Director positions for that Class will remain vacant until the first Annual Meeting at which the Class has the minimum number of members, at which time two of the vacant positions will be filled by election to three year terms and two by election to two year terms. If a Class eligible to elect Member Class Directors falls below the minimum number of members after having elected Directors, such Directors will continue to serve out their terms. However, upon expiration of their terms, the Director positions will remain vacant until such time as the Class contains sufficient members.
- 6.4.4 Member Class Director Compensation. Member Class Directors will not be compensated for their service by ~~the~~ WECC. ~~The~~ WECC will reimburse Member

Class Directors for reasonable and actual out-of-pocket expenses (such as travel and lodging) that are not subject to reimbursement from any Member or other source.

## **6.5 Selection and Compensation of Non-Affiliated Directors.**

### **6.5.1 Non-Affiliated Director Qualifications.**

6.5.1.1 Non-Affiliation. The Non-Affiliated Directors of the Board may not be affiliated with any Entity that is a Member of ~~the~~ WECC or is eligible for membership in Classes 1 through 3 of ~~the~~ WECC, provided that status as a residential electricity customer will not disqualify a person from sitting as a Director. A candidate will not be qualified to serve as a Director if the candidate, or the spouse or a minor child of the candidate, derives any of his or her annual income from a Member of WECC, an Entity that is eligible for membership in Classes 1 through 3, or a bulk power user in the Western Interconnection. ~~The~~ WECC shall maintain a list of such Members and Entities which shall be updated periodically. Non-Affiliated Directors, candidates and others shall be entitled to rely upon the list to determine compliance with these requirements.

6.5.1.1.1 Notwithstanding the provisions of Section 6.5.1.1, a candidate for Non-Affiliated Director will not be disqualified for owning shares in a mutual fund that owns an interest in a Member or an Affiliate of a Member as long as the mutual fund does not specialize exclusively or predominantly in the energy sector. The disqualification standards described in Section 6.5.1.1 will not disqualify a candidate who is receiving payments from a pension plan of a Member or an Affiliate of a Member in a form other than securities of such Member or Affiliate and the pension plan payments bear no relationship to the economic performance of the Member or Affiliate.

6.5.1.1.2 The disqualification standards described in Section 6.5.1.1 will not apply to disqualify a candidate solely by virtue of an employment or contractual relationship with a state that has one or more agencies that are eligible to be Members of Class 5 of WECC, provided that:

1. In the case of a candidate's employment relationship, the employer is not a member of WECC;
2. In the case of a candidate's contractual relationship with a state agency, no member or employee of the state agency is a member of the WECC Board;

3. In the case of a candidate's employment relationship with a contractor to a state agency, no member or employee of the state agency is a member of the WECC Board; and
4. In the case of a candidate's employment or contractual relationship with a state agency which is a WECC Member or employs a WECC Board member, if the Governance and Nominating Committee determines that the candidate's employment duties do not include significant work for or representation of that state agency.

6.5.1.1.3 Notwithstanding the provisions of this Section 6.5.1.1, a candidate for Non-Affiliated Director will not be disqualified for being affiliated with an organization that represents a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public interest or the environment.

6.5.1.2 Expertise. The Governance and Nominating Committee will nominate Non-Affiliated Director candidates with the objective of having at least one Non-Affiliated Director with expertise in electric transmission operations and planning. The Governance and Nominating Committee will also have the objective of nominating persons with: 1) experience in corporate leadership at the senior management or board of directors level; 2) leadership experience in law, finance, economics, accounting, engineering, regulation, natural resources or commercial commodity markets and associated risk management; 3) experience representing a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public or the environment; 4) a well-developed understanding of the distinct operational, resource, political, and interest-based characteristics of various regions within the Western Interconnection; and 5) a well-developed understanding of Canadian power systems or Canadian regulatory issues.

## 6.5.2 Selection of Non-Affiliated Directors.

6.5.2.1 Selection of Non-Affiliated Directors. After the initial election of Non-Affiliated Directors, the Governance and Nominating Committee will make nominations. Before the end of each Non-Affiliated Director's term, the Governance and Nominating Committee may select an independent search firm to provide the Governance and Nominating Committee with a list of qualified candidates for each vacant position. Incumbent Directors, if qualified and willing to serve, may be considered for nomination by the Governance and Nominating Committee. The Governance and Nominating Committee will consider each candidate for Non-Affiliated Director to determine whether that candidate is qualified to stand for election to the

Board. From the list of candidates accepted by the Governance and Nominating Committee to stand for election, the Governance and Nominating Committee will select a slate of candidates for the vacant Non-Affiliated Director positions. The Governance and Nominating Committee's slate of candidates will be e-mailed to the Members no later than sixty (60) days prior to the Annual Meeting. Additional candidates may be added to the slate upon the submittal of a nomination to the Chief Executive Officer signed by no fewer than 10 Members, including at least 3 from each of two different Member Classes~~three (3) Members of any Class, or ten percent (10%) of the total number of Members of any Class, whichever is greater.~~ The Chief Executive Officer must receive such nomination at least thirty (30) days before the Annual Meeting. The Chief Executive Officer will place such nominations before the Members for possible election unless he or she determines in writing that a proposed nominee does not meet the criteria for eligibility to be a Non-Affiliated Director in these Bylaws.

6.5.2.2 Disclosure Statement. Candidates for Non-Affiliated Director will provide to the Governance and Nominating Committee and, if nominated, to the Members, a statement describing their expertise and disclosing any present or past affiliations, relationships or associations relevant to their qualification to serve as a Non-Affiliated Director. A candidate for Non-Affiliated Director will be required to disclose any economic interest in any Member of ~~the~~ WECC or any Entity eligible for membership in Classes 1 through 3 of ~~the~~ WECC held by themselves, their spouse or their children as well as any such interest known to the candidate held by the candidate's parents, siblings, aunts, uncles, or first cousins.

6.5.2.3 Election. The number of Non-Affiliated Director candidate(s) corresponding to the number of vacant positions receiving the highest number of votes cast at the Annual Meetings of the Members will be elected to the position of Non-Affiliated Director.

6.5.3 Non-Affiliated Director Compensation. The Non-Affiliated Directors will receive a level of compensation as determined from time to time by the Member Class Directors.

## **6.6 Tie Vote.**

In the event of an inability to select Directors due to a tie vote, a second vote will be taken to determine the placement of the tied candidates. The second vote will be limited to the tied candidates, with the candidate(s) receiving the highest number of votes being selected. If another tie vote results, additional votes will be taken (after the elimination of any candidate receiving fewer votes than the tied candidates) until a candidate can be selected. If a tie cannot be resolved pursuant to the foregoing procedures, it will be resolved by lot. For the purpose of such second (and subsequent) votes, absentee ballots shall allow voters to list all candidates in order of preference such that absentee ballots may be counted by striking those candidates not participating in the run-off. Absentee ballots that express an order of

preference for fewer than all candidates will be counted if the ballot demonstrates clear preference among the runoff candidates.

**6.7 Removal of Directors.**

The Members or the Board may remove a Director before completion of the Director's term of office pursuant to the following provisions.

6.7.1 Removal by the Members. Member Class Directors may be removed at will by a vote of at least sixty percent (60%) of the Members of the Class that elected that Director. Non-Affiliated Directors may be removed only for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors. Removal of a Non-Affiliated Director will be by a vote of at least fifty percent (50%) of the entire WECC membership, including a vote of at least fifty percent (50%) of each Class.

6.7.2 Removal by the Board. The Board may remove any Director for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors. Such removal will only occur upon the affirmative vote of not less than twenty-one (21) Directors.

**6.8 Resignation.**

Any Director may resign from his or her office or position at any time by written notice to the Board by delivery to the Chair. Pursuant to Sections 4.1 and 4.8.2, a Director employed by a withdrawing or expelled Member will be deemed to have resigned. The acceptance of a resignation will not be required to make it effective.

**6.9 Procedures for Filling Vacant Director Positions.**

6.9.1 Member Class Director Vacancies. If the position of any Director elected by a Member Class becomes vacant, the remaining Directors elected by the same Class will promptly choose a successor to that position who will serve until the next Annual Meeting.

6.9.2 Non-Affiliated Director Vacancies. If the position of any Non-Affiliated Director becomes vacant, the remaining Directors may charge the Governance and Nominating Committee with selecting a successor immediately. The Governance and Nominating Committee will follow the requirements set out in Section 6.5.2.1 in its selection of any successor Non-Affiliated Director. Alternatively, if less than one (1) year remains in the term of that Director, the remaining Directors may choose to leave the position vacant for the remainder of the term.

6.9.3 Holdover to Cure Procedural Vacancies. Whenever a vacancy in any Member Class or Non-Affiliated Director position would be created due to expiration of a Director's term combined with a lack of a quorum or other procedural inability to elect a new Director, the expired Director's term shall be extended until such time as a proper election of a new Director can be conducted.

**6.10 Duties of Directors.**



The Directors will have the following duties:

- 6.10.1 Fiduciary Obligation to ~~the~~-WECC: All Directors, including Member Class Directors, will have a fiduciary obligation to ~~the~~-WECC consistent with the requirements for Directors of Utah non-profit corporations. Notwithstanding any affiliation with individual Members or Class of membership, Members of the Board will at all times act in conformance with such requirements, these Bylaws and the Standards of Conduct set forth in Appendix A.
- 6.10.2 Preserve Non-Affiliated Status: Throughout their terms, Non-Affiliated Directors will have a duty to avoid any affiliation that is inconsistent with the standards for Non-Affiliated Directors in Section 6.5.1.1 of these Bylaws. If a Non-Affiliated Director becomes aware of any such affiliation, he/she must either resign or eliminate the affiliation (e.g., dispose of securities) within six (6) months.

#### **6.11 Powers of Directors.**

The management of all the property and affairs of ~~the~~-WECC will be vested in the Board of Directors. The Board will hold annual elections to select a Board Chair and to fill any other Board officer positions that may be created by the Board or required by applicable law. The Board may exercise all the powers of ~~the~~-WECC and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers and the management of ~~the~~-WECC) as are consistent with these Bylaws and the Articles of Incorporation.

#### **6.12 Delegation of Board Authority.**

The Board may delegate to the Chief Executive Officer or to any Board Committee formed pursuant to Section 7.7 any or all of its powers and authority except: 1) any power which it may not delegate pursuant to applicable Utah law; 2) the power to adopt any reliability standard; 3) the power to determine when to exercise the Backstop Authority of ~~the~~-WECC; 4) the power to approve budgets; 5) the power to form committees; 6) the power to amend the Bylaws; 7) the power to elect the Chair and other officers of the Board; ~~8) the power to enter into contracts obligating the WECC to pay an amount exceeding \$50,000; and 9) the~~ power to hire, fire or set the terms of employment of the Chief Executive Officer. The Board may also delegate to any Member committee the power to make specific decisions, subject to the right of any Member to appeal any of such decisions to the Board within 30 days of the committee vote on the decision by writing a letter to the Chief Executive Officer that describes in reasonable detail the grounds for appeal, and requests that the appeal be considered by the Board at its next regularly scheduled meeting, subject to applicable notice requirements. Delegation will be by express decision and will require the affirmative vote of not less than twenty (20) Directors. Any Director may call for a vote to rescind such delegation at any time and such delegation will be rescinded if eight (8) or more Directors vote to do so.

- 6.12.1 Notice to Members. Within seven (7) days of any decision delegated pursuant to Section 6.12, except for routine decisions of the Chief Executive Officer, Members will be notified of the decision by electronic mail, posting on the WECC ~~Web~~

[website](#) and any other means determined appropriate by the Board. Routine decisions of the Chief Executive Officer will be noticed in periodic reports to the Board and Members as determined by the Board, which will be sent to Members by electronic mail and posted on the WECC ~~Web-website~~.

6.12.2 Board Review of Delegated Decisions. Decisions delegated pursuant to Section 6.12 will be reviewed by the Board at the request of any Director, provided such request is lodged with the Secretary within thirty (30) days of the notice. Whenever it determines that a matter requires an urgent decision, the Board may shorten the deadline for requests for review, provided that: 1) the notice and opportunity for review will be reasonable under the circumstances; and 2) notices to Members will always contain clear notification of the procedures and deadlines for Board review. A request for review of a decision will stay the effect of the decision pending review unless the Board in making the delegation expressly determines otherwise.

## 7. Procedures for Board Decisions.

### 7.1 Quorum.

No business will be conducted by the Board unless at least seventeen (17) Directors are present, including at least three (3) Non-Affiliated Directors and at least one Director elected by each of not less than four (4) of the Member Classes; provided, that if all Member Class Director positions for a Class are vacant, or if a Class is not entitled to elect Member Class Directors, then no Director elected by such Class will be required to be present for the Board to conduct business.

### 7.2 Majority Vote.

A decision of the Board will require an affirmative vote of a majority of Directors present [and not abstaining](#). Directors may not vote by proxy or by absentee ballot, but Directors may participate in Board meetings by telephone as provided in Section 7.3 of these Bylaws.

### 7.3 Attendance at Board Meetings by Teleconference.

Any or all of ~~the~~ WECC's Directors may participate in any meeting of the Board by telephone conference or any other means of communication that enable all Directors participating in the meeting to simultaneously hear one another. Every Director participating in a meeting in the manner described in the preceding sentence will be deemed to be present in person at that meeting.

### 7.4 Board Action by Unanimous Consent.

7.4.1 Action Without a Meeting. Unless ~~the~~ WECC's Articles of Incorporation or applicable law provides otherwise, action required or permitted to be taken at a meeting of the Board may be taken without a meeting through one or more written consents describing the action taken. Any Board action taken by written consent must be signed by all Directors in office at the time the action is taken. Such actions must be noticed to Members in accordance with Section 7.5 and Members must be given an opportunity to comment prior to the Board taking such actions through electronic mail, comments on the [Web-website](#) or other appropriate means. The

required notice of such meeting may generally describe the arrangements (rather than the place) for the holding of the meeting. All other provisions herein contained or referred to will apply to such meeting as though it were physically held at a single place. All Board actions by written consent must be filed with ~~the~~ WECC's Board meeting minutes. Action taken under this Section is effective when the last Director signs the consent, unless the consent specifies an earlier or later effective date. Any action by written consent has the same effect as a meeting vote and may be described as such in any document.

- 7.4.2 **Waiver of Procedures.** For any specific action at any noticed meeting of the Board, and under exigent or unusual circumstances, the Board by unanimous vote of those present may waive any procedural requirement applicable to Board decision-making, including any requirement for notice of a specific potential action, except for the following: 1) the requirement for notice of the time and place of the meeting pursuant to Section 7.5; 2) the quorum and voting requirements of Sections 7.1 and 7.2; and 3) any non-procedural limitation on the power of the Board to make a decision, including, but not limited to, those restrictions in Sections 6.12 (limiting the power to delegate) and 13.1 (limiting the power to amend the Bylaws). Whenever such action is taken, a statement describing the action, the exigent or unusual circumstances, the specific procedure waived, the basis for the waiver and the votes of all Directors present shall be posted on the web-site and communicated in writing or by e-mail to all Members within five (5) days.

## **7.5 Notice of Board Meetings.**

- 7.5.1 **Regular Meetings.** Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days' advance notice of which has been provided by the Chief Executive Officer to all Directors and all Members. Notice will include an agenda that will identify those matters on which a vote will be taken at the meeting. The foregoing requirement shall not preclude the Board from taking an action that is different from the specific proposed action identified in the agenda, as long as the relevant subject matter has been reasonably identified in the agenda. The Directors will establish a regular meeting schedule that will be made available to the Members. The schedule will include not less than two meetings of the Board annually.
- 7.5.2 **Special Meetings.** Whenever the Chair of the Board or any three (3) Directors find that there is urgent business requiring Board action before the next regular Board meeting, a special meeting of the Board may be called. Such special meetings will be held upon as much written notice to each Board Member and all Members as is possible under the circumstances, which will not be less than three (3) days. However, this notice of special meetings may be waived if: 1) the waiver is by a writing signed by a quorum of Board members; and 2) as much notice of the meeting as practicable has been given to WECC Members via e-mail and posting on the WECC ~~Web~~ website.

7.5.3 ~~Public and Web~~-Site Notice. Public notice of each meeting of the Board will be placed on WECC's ~~Web~~-website at least ten (10) days before such meeting (or such lesser time as provided pursuant to Section 7.5.2). In addition, the Chief Executive Officer will provide notice of each meeting by first-class mail, facsimile or electronic mail to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

## 7.6 Open Meetings.

Except as provided in Section 7.6.1, all regular and special meetings of the Board will be open to observation by any Member and any member of the public.

7.6.1 Closed Session. Notwithstanding the provisions of Section 7.6, upon an affirmative vote of two-thirds (2/3) of the Directors present, the Board may meet in closed session: 1) to consider the employment, evaluation of performance, or dismissal of an employee of WECC and to deliberate regarding decisions the Board may be called upon to make regarding the nomination, qualification, appointment, or removal of a member of the Board of Directors; 2) to discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and 3) to receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the FERC), protected from public disclosure by law or that the Board determines should be confidential in order to protect a legitimate public interest.

7.6.1.1 Attendance by an Affected Director. Closed sessions of the Board may not be attended by a Director under the following circumstances: 1) where the qualifications or performance of the Director or the Director's spouse or children are being discussed; 2) where the Director is employed by an entity that is or is likely to become a party to the litigation being discussed; and 3) where the Director or the Board determines that the Director would have a serious and substantial conflict of interest by becoming privy to confidential attorney-client or trade secret information that is to be presented to the Board in closed session.

7.6.1.2 Announcement of Closed Session. Before adjourning into closed session, the Chair of the Board will announce the purpose of the closed session in a manner that provides the public an understanding of the general subject matter to be discussed but which does not reveal sensitive or personal information. The Board will not discuss additional items outside the scope of this description.

7.6.1.3 Confidentiality of Closed Session. All Directors and others present will maintain the confidentiality of discussions and decisions made in closed session. The Board will appoint a secretary for closed session to keep a minute book for the purpose of recording the subject matter discussed in closed session and any actions taken in closed session.

## **7.7 Board Committees.**

- 7.7.1 Governance and Nominating Committee. The Chair will appoint a Governance and Nominating Committee that shall: 1) return slates of candidates as required by these Bylaws; 2) oversee implementation and amendment of these Bylaws; and 3) address such other issues pertinent to Governance as the Board may choose to delegate to it. The Governance and Nominating Committee will consist of one Director from each of the six Member Classes eligible to elect such Directors and one Non-Affiliated Director. The Chair will designate one of the appointed Directors to be the Chair of the Governance and Nominating Committee.
- 7.7.2 Other Board Committees. The Board may appoint such Board committees as it deems necessary from time to time to carry out its business affairs. In appointing such committees, the Board will specify their purpose, membership, voting, notice and meeting procedures and such other direction as the Board may deem appropriate. The Board may appoint one or more Members or other persons to participate in Board committees as full voting members or as non-voting advisory members.
- 7.7.3 Standards of Conduct for Board Committee Members. Members of Board committees shall comply with the Board Member Standards of Conduct set forth in Appendix A.

## **8. Member Committees.**

### **8.1 Purpose.**

~~The~~ WECC will have committees composed of its Members to advise and make recommendations to the Board. Such committees will include both standing committees required by these Bylaws and such other committees as the Board may choose to create.

### **8.2 Standing Committees.**

WECC will have the following standing committees:

- 8.2.1 Planning Coordination Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of ~~the~~ WECC pertaining to maintaining reliability through evaluating generation and load balance and the adequacy of the physical infrastructure of interconnected bulk electric systems within the Western Interconnection.
- 8.2.2 Operating Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of ~~the~~ WECC pertaining to maintaining reliability through the operation and security of the interconnected bulk western electric systems in the Western Interconnection.
- 8.2.3 Market Interface Committee. This committee will advise and make recommendations to the Board on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. It will consider

matters pertaining to the impact of WECC's reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection, and facilitate analysis of the impact of electricity market practices on electric system reliability.

### 8.3 Other Committees.

8.3.1 The Board may create such other committees as it may desire from time to time. The Board will specify the functions, duties and responsibilities of any such committee at the time of its creation. The Board will also specify the membership rules, quorum requirements, voting levels and meeting and notice requirements at the time of creation. Any changes in the membership rules, quorum requirements, or voting levels of a committee, once established by the Board, will require a seventy-five percent (75%) vote of the Board to alter. The specific function or sunset date for a committee will be designated by the Board at the time of the committee's creation. The committee will terminate its activities upon the completion of its function or the expiration of the date set by the Board.

8.3.2 The WECC Standards Committee is the committee that will oversee the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability Standards Development Procedures. . The WECC Standards Committee is responsible for determining if a request for a Regional Reliability Standard or a Regional Criteria is within the scope of WECC's activities, and for overseeing the drafting, comment and voting process for a Regional Reliability Standard or Regional Criteria. The WECC Standards Committee shall also oversee the process for responding to requests for interpretations of Regional Reliability Standards and Regional Criteria. The WECC Standards Committee shall consist of one member from each of the WECC Standards Voting Sectors set forth in Section 8.5.5.2, and a member of the WECC Board who shall act as chair of this committee. The WECC Board shall approve a Charter for the WECC Standards Committee that describes the WECC Standards Committee membership selection process.

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### 8.4 ~~Committee Assessment and Streamlining-[Repealed]~~

~~8.4.1—Assessment of Standing Committee Activities.— No later than three (3) years following the Organizing Meeting of the WECC, the Board of Directors will conduct a thorough review of the activities of each of the WECC's standing committees (as defined in Section 8.2 of these Bylaws) to assess whether they are effectively furthering the WECC's purposes in a manner that is consistent with: 1) the provisions of Section 2.3 of these Bylaws; and 2) the then current state and the expected future evolution of the electric power industry within the Western Interconnection. The Board's review will assess whether there are any aspects of the standing committees' functions or procedures that impede development of WECC standards, obligations, processes, and decisions that are timely, fair, effective, and reasonable in view of the commercial, legal, regulatory, and economic needs and~~

~~objectives of the affected Members. The Board will propose to the membership, at the first annual Member meeting held after completion of the review required by this Section 8.4.1, any changes to standing committee structures, functions, or procedures that the Board determines are warranted by its review.~~

#### ~~8.4.2 Dissolution of Additional Member Groups.~~

~~8.4.2.1 Except as otherwise provided in Section 8.4.2.2 below, no later than three (3) years following the Organizing Meeting of the WECC, all WECC Member groups other than the WECC's standing committees (as defined in Section 8.2 of these Bylaws) will dissolve automatically. The Member groups to automatically dissolve under this Section 8.4.2.1 will include, without limitation, all WECC Member subcommittees, work groups, and task forces. There will thereafter be no committees, subcommittees, or other groups of WECC Members other than: 1) the WECC's standing committees (as defined in Section 8.2 of these Bylaws); and 2) any established by the Board after it determines that the committee, subcommittee, or other group, when established, will satisfy the terms of assessment for standing committees set forth in Section 8.4.1 above.~~

~~8.4.2.2 If, at the time specified for dissolution of Member groups that are not standing committees in accordance with Section 8.4.2.1 above, FERC-approved Regional Transmission organizations carrying on commercial operations within the Western Interconnection do not cover at least one-half the load in the Western Interconnection, the Board may delay the implementation of the actions specified in Section 8.4.2.1 until no later than six (6) months after FERC-approved regional transmission organizations covering at least one-half the load within the Western Interconnection are in place and carrying on commercial operations.~~

### **8.5 Procedures for Committee Decision-Making.**

- 8.5.1 Reports to Board of Directors. Action by a committee will be in the form of a recommendation for Board action except in those instances in which the Board has, by resolution, specifically delegated to a committee the power to take action subject to an appeal to the Board by any Member. The recommendation of a committee must be forwarded to the Board for its action along with any minority or dissenting reports filed with the committee Chair or Vice-Chair.
- 8.5.2 Subcommittees, Task Forces and Ad Hoc Groups. Any Board or member committee may create such subcommittees, task forces or other ad hoc groups ("subcommittee") as it deems appropriate to carry out the committee's responsibilities consistent with these Bylaws and the direction of the Board. The composition, responsibilities and procedures of such groups shall be specified by the committee as appropriate; provided, however that: 1) the committee may only delegate to such subcommittee responsibilities that are within the scope of the

committee's responsibilities pursuant to these Bylaws and direction of the Board; and 2) the subcommittee may only make recommendations to the committee. A committee may create a subcommittee without prior approval of the Board; provided, however, that the committee shall promptly inform the Board in writing and at the next Board meeting regarding the creation of the subcommittee. The notification to the Board shall include a charter for the subcommittee that describes how members of the subcommittee will be selected, the duties of the subcommittee, and whether the committee has established a sunset date for review of (1) the need for the subcommittee and (2) the charter of the subcommittee.

- 8.5.3 Committee Officers. The Board will appoint the Chair and Vice-Chair of each committee. The Committee Chair or Vice-Chair will preside over all meetings of the committee and will report recommendations of the committee to the Board of Directors. The Chair and Vice-Chair will be responsible for informing the Board regarding minority opinions and other information required by the Board along with overall committee recommendations. Whenever the committee elects to form a subcommittee to represent regions or address specific tasks, the Chair (or in the absence of the Chair, the Vice-Chair) will have the power to appoint the members of such subcommittee from both members of the committees and non-members. Upon resignation of the Committee Chair, the Vice Chair shall serve as Chair until the Board appoints a replacement. Upon resignation of the Vice Chair, the Chair may appoint a temporary Vice Chair to serve until the Board appoints a replacement. Upon resignation of both the Chair and Vice Chair, the Chair of the Board may appoint one or more temporary replacements to serve until the Board appoints permanent replacements.
- 8.5.4 Committee Membership. Except as provided in Sections [8.3.2](#) and 8.5.4.1, any Member of WECC may designate one representative as its committee member to any standing committee or other committee. The WECC Member will have one vote at any committee meeting through that committee member. Any number of other persons may attend a committee meeting, but such persons will have no right to vote without a prior designation of representation by a WECC Member, except that interested stakeholders may, under Section 8.6, vote on proposed Reliability Standards or revisions to Reliability Standards.
- 8.5.4.1 Dual Representation for Functionally-Separated Members. A Member which has distinct and functionally-separated interests as both a transmission provider and a transmission customer may designate two representatives as committee members to any standing committee, one to represent each functionally separate interest. Each such committee member will have one vote. The privilege granted by this Section is subject to revocation by the Board on a case-by-case basis or generally whenever the Board finds, upon petition from any Member or its own motion, that such dual representation creates unfairness or imbalance within a committee.
- 8.5.5 Committee Voting and Classes.



8.5.5.1 Classes. For purposes of voting, committees, excluding the WECC Standards Committee, will have three classes of membership:

8.5.5.1.1 Transmission Provider Members ~~or Participating Stakeholders~~;

8.5.5.1.2 Transmission Customer Members ~~or Participating Stakeholders~~;  
and

8.5.5.1.3 States and Provincial Members (Member Class 5).

8.5.5.2 WECC Standards Voting Sectors. For purposes of voting on Regional Reliability Standards and Regional Criteria, a Ballot Body consisting of five registered sectors (8.5.5.2.1 through 8.5.5.2.5) and three non-registered sectors (8.5.5.2.6 through 8.5.5.2.8) shall be established. If an Entity is eligible for a registered sector, then that Entity may be eligible for more than one registered sector. An Entity can only be in one non-registered sector. An Entity cannot be in both a registered and a non-registered sector. The first five sectors (8.5.5.2.1 through 8.5.5.2.5) shall be limited to Entities which are listed in the North American Electric Reliability Corporation (“NERC”) compliance registry and to those Canadian and Mexican Entities that perform functions that, if performed in the United States, would allow these Entities to be registered for compliance in the NERC compliance registry. A WECC member or Participating Stakeholder who wishes to participate in voting on Reliability Standards and Regional Criteria shall apply for membership in the Ballot Body in any or all of the registered WECC Standards Voting Sector(s) for which it believes it is eligible, or one of the three non-registered sectors. WECC staff shall confirm Participating Stakeholder’s eligibility for such Sector(s). Decisions of the staff to approve, deny, or restrict the admission of an entity to a voting sector may be appealed to the Governance and Nominating Committee. Decisions of the Governance and Nominating Committee to affirm or reverse such decisions of staff may be appealed to the Board. The following sectors are established:

8.5.5.2.1 Transmission Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as transmission owners, transmission operators, transmission service providers, or transmission planners;<sup>1</sup>

8.5.5.2.2 Generation Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as generation owners or generation operators;

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<sup>1</sup> For the five registered sectors, Canadian and Mexican Entities that would be eligible for the indicated NERC compliance registry category, if they performed these functions in the United States, shall be eligible for these sectors.

8.5.5.2.3 Marketers and Brokers Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as purchasing-selling Entities;

8.5.5.2.4 Distribution Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as distribution providers or load-serving Entities;

8.5.5.2.5 System Coordination Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as balancing authorities, reserve sharing groups, planning authorities, resource planners, interchange authorities, or reliability coordinators. WECC may cast a vote in this sector;

8.5.5.2.6 End Use Representative Sector. This sector consists of non-registered members of WECC Member Class Four;

8.5.5.2.7 State and Provincial Representatives Sector. This sector consists of non-registered WECC members of WECC Member Class Five;

8.5.5.2.8 Other non-registered WECC Members and Participating Stakeholders Sector. This sector consists of consultants and other members of WECC Member Class Seven, or interested stakeholders who qualify for Participating Stakeholder status but are not registered in the NERC compliance registry.

~~8.5.5.2~~8.5.5.3 Voting. Except as provided in Section 4.5.2 and 8.5.5.4, each committee member ~~and Participating Stakeholder (if any)~~ will have one vote. In order for a recommendation to be made to the Board, such recommendation must receive a simple majority vote of both: 1) committee members ~~and Participating Stakeholders (if any)~~ present and voting from the Transmission Provider Class; and 2) committee members ~~and Participating Stakeholders (if any)~~ present and voting from Transmission Customer Class. ~~Committees~~The Board will adopt voting and record-keeping procedures to ensure that committee voting is conducted consistent with these Bylaws. This requirement will also apply where decision making power has been delegated to a committee pursuant to Section 6.12.

8.5.5.3.1 State and Provincial Votes. The position of the state and provincial Class committee members must be recorded, but the failure of a proposed recommendation or decision to obtain a simple majority vote of the state and provincial committee members will not prevent the recommendation or decision from being posted for due process comment or sent to the Board of Directors.

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8.5.5.4 Voting on Regional Reliability Standards and Regional Criteria. Whenever the WECC Standards Committee determines that a draft Regional Reliability Standard or Regional Criteria is ready for consideration by the Ballot Body, it shall be presented for a vote. Members of the Ballot Body shall be provided an opportunity to opt into a Ballot Pool formed for purposes of voting on each of the proposed Regional Reliability Standards or Regional Criteria as described in the Reliability Standards Development Procedures. A two-thirds quorum of the specially formed Ballot Pool is required for a valid vote. Members of the Ballot Pool shall cast their vote in the WECC Standard Voting Sectors listed in 8.5.5.2. When members of the Ballot Body who are eligible to vote in more than one of the sectors defined in 8.5.5.2 join the Ballot Pool, they may cast one vote in each voting sector in which they are eligible. Calculation of the vote by the WECC Standard Voting Sectors will be pursuant to a weighted sector voting formula as described in the Reliability Standards Development Procedures. If the Ballot Pool approves a proposed Regional Reliability Standard or Regional Criteria, then that proposed Regional Reliability Standard or Regional Criteria will be recommended to the WECC Board. The process of approving proposed Regional Reliability Standards and Regional Criteria is further guided by the Reliability Standards Development Procedures.

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8.5.6 Notice and Review of Committee Recommendations and Decisions (Due Process). Committee recommendations or decisions delegated to a committee pursuant to Section 6.12 will be subject to the due process provisions of this Section. ~~Committee recommendations or decisions related to the development or approval of Reliability Standards will be subject to the provisions of this Section 8.5.6 and Section 8.6.~~ Following a committee's development of a proposed recommendation or decision, the committee will post the proposed recommendation or decision on the WECC ~~Web~~ website for review and comment by other WECC Members, ~~interested stakeholders (if the recommendation or decision concerns a Reliability Standard or revision),~~ and other interested parties. The committee will provide all Members ~~and Participating Stakeholders (if the recommendation or decision concerns a Reliability Standard or revision)~~ e-mail notification of the posting and will allow at least thirty (30) days for comment on the proposal. The committee will consider all such additional input before reaching its final recommendation or decision. If the committee's recommendation or decision changes significantly as a result of comment received, the committee will post the revised recommendation or decision on the ~~Web~~ website, provide e-mail notification to Members ~~and Participating Stakeholders (if the recommendation or decision concerns a Reliability Standard or revision),~~ and provide no less than ten (10) days for additional comment before reaching its final recommendation or decision. Upon reaching its final recommendation or decision, the committee will forward it to the Board. Whenever it determines that a matter requires an urgent decision, the Board may shorten any time period set forth in this Section, provided that: 1) notice and opportunity for

comment on recommendations or decisions will be reasonable under the circumstances; and 2) notices to Members will always contain clear notification of the procedures and deadlines for comment.

## 8.6 Procedures for Developing and Voting on Reliability Standards.

8.6.1 Rights and Obligations of WECC Members and Participating Stakeholders. All WECC Members and ~~interested Participating~~ stakeholders are entitled to participate in the development of and to vote on Reliability Standards, Regional Criteria or revisions ~~to Reliability Standards~~, subject to any applicable obligations, limitations and conditions set forth in these Bylaws, and in accordance with the WECC Reliability Standards Development Procedures.

8.6.1.1 Participation. The right to participate in Reliability Standards and Regional Criteria development and voting includes the right to request the development or revision of a Reliability Standard, the right to receive notice of, attend and participate in related WECC ~~committee and subcommittee~~ discussions, the right to review information relevant to a Reliability Standard or revision, the right to provide written comments on a proposed Reliability Standard, Regional Criteria, or revision, the right to participate in ~~committee or subcommittee~~ voting on a Reliability Standard, Regional Criteria, or revision and the right to file an appeal requesting review of any ~~committee or subcommittee~~ decision on a Reliability Standard, Regional Criteria, or revision.

8.6.1.2 Voting. The procedures and conditions for voting by WECC Members and Participating Stakeholders are set forth in the Reliability Standards Development Procedures and in Sections ~~8.5.5 and 8.5.5.2~~ and 8.5.5.4 of these Bylaws. A Participating Stakeholder may only vote on a proposed Reliability Standard or revision if they have applied for and been granted Participating Stakeholder status in accordance with Section 8.6.2 below. A Participating Stakeholder is only entitled to vote on Reliability Standards and revisions, and may only vote on Regional Criteria if the proposed Regional Criteria could result in sanctions to a non-WECC member. A Participating Stakeholder is not entitled to vote in any other WECC committee balloting process or in elections for WECC Directors.

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8.6.1.3 Special Procedures to Address Regulatory Directives. If the Board determines that the procedures for drafting and voting on Reliability Standards did not result in a proposed Reliability Standard that addresses a directive issued by an Applicable Regulatory Authority, the Board shall have authority to take certain actions as described in the Reliability Standards Development Procedures to ensure that a Reliability Standard responsive to an Applicable Regulatory Authority's directive is drafted, approved and/or submitted to the Applicable Regulatory Authority. In the event that a Reliability Standard or revision that is proposed in response to an Applicable

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Regulatory Authority's directive fails to achieve a majority vote of the Ballot Pool, or if a quorum of the Ballot Pool was not established upon re-ballot of a proposed Reliability Standard, then the Board has the authority to take appropriate actions, as described in the Reliability Standards Development Procedures, to ensure that a Reliability Standard responsive to a regulatory directive can be submitted to NERC and FERC with a request that it be made effective. To exercise such authority, the Board must find that the proposed Reliability Standard or revision 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. If the Board is unable to make this finding, then the Board may direct that the proposed Reliability Standard be filed with the Applicable Regulatory Authority as a compliance filing in response to the regulatory directive, along with a recommendation that the standard not be made effective and an explanation of the basis for the recommendation.

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8.6.2 Participating Stakeholder Application Process. Any person or entity that is an interested stakeholder may apply to WECC for Participating Stakeholder status and, upon WECC's acceptance of such application, acquire the participation and voting rights set forth above in Section 8.6.1. WECC staff, under the direction of the CEO, will process applications and make the initial determination of eligibility for Participating Stakeholder status. Denial of Participating Stakeholder status may be appealed to the WECC Governance and Nominating Committee and, if denied by the Governance and Nominating Committee, to the WECC Board. A person or entity's Participating Stakeholder status will be maintained so long as the Participating Stakeholder continues to meet the requirements set forth in Section 3.3324 and participates in at least one WECC meeting per year at which a Reliability Standard or revision is discussed ~~and/or voted on~~. In the event a person or entity's Participating Stakeholder status lapses due to failure to meet the above minimum participation requirement, the person or entity may restore Participating Stakeholder status by re-applying for Participating Stakeholder status and attending a WECC meeting at which a Reliability Standard is discussed ~~and/or voted on~~.

## 8.7 Notice of Committee Meetings.

8.7.1 Standing Committees. The committee Chair, with the assistance of the Chief Executive Officer, will ensure that not less than ten (10) days' notice of all standing committee meetings is posted on the WECC ~~Web website~~ and is also provided to: 1) members of the committee; 2) Participating Stakeholders (if the meeting concerns development or approval of a Reliability Standard or revision); and 3) any WECC Member or member of the public requesting notice. A committee may take up any matter at a duly noticed meeting including matters not expressly identified in the notice; provided, however, that a final recommendation to the Board must be made in accordance with Section 8.5.6.

8.7.2 Other Committees. Notice of other committee meetings will be provided in the manner adopted for such notice by the affected Members and in accordance with the requirements of Section 8.6.1.

**8.8 Open Meetings.**

All committee meetings of ~~the~~ WECC (including Board committees) will be open to any WECC Member and for observation by any member of the public, except as set forth in policies on closed sessions that the Board may adopt for the purpose of preventing public disclosure of information that the Board might consider in closed session pursuant to Section 7.6.1.

**9. The Chief Executive Officer, Officers, and Employees.**

**9.1 Designation of Officers and Terms of Office.**

~~The~~ WECC will have a Chief Executive Officer, a Secretary, and any other officers specified by the Board from time to time. The Chief Executive Officer will also hold the title of President of ~~the~~ WECC if applicable law requires ~~the~~ WECC to have a President. Each officer will be appointed by the Board and will serve for the term of office specified in the Board action appointing the officer and until his or her successor is appointed. Any two or more offices may be held by the same person except the offices of Chief Executive Officer and Secretary.

**9.2 Chief Executive Officer Qualifications.**

The Chief Executive Officer will be a person with senior management level experience and knowledge of bulk power electric transmission systems reliability, planning and operations.

**9.3 Standards Applicable to All Employees.**

A person may not be an officer or employee of WECC if: 1) the person is also the employee of or has a contractual relationship with any Entity, or any Affiliate of any Entity, that is eligible for membership in ~~the~~ WECC; or 2) the person has a financial interest that, in the judgment of the Board or the Chief Executive Officer, creates the fact or appearance of bias, undue influence or lack of objectivity regarding any action or decision of ~~the~~ WECC. The Board will adopt Standards of Conduct for officers and employees setting forth their duty of care, duty of loyalty, duty to avoid conflicts of interest and related matters intended to promote their neutrality, objectivity and professionalism. Upon adoption, such standards shall be attached hereto as Appendix B.

9.3.1 Exemptions from the disqualification criteria found in Section 9.3 are as follows:

9.3.1.1 Status as a residential electricity customer will not disqualify a person from employment with WECC.

9.3.1.2 A candidate for Chief Executive Officer or employee of WECC will not be disqualified for owning shares in a mutual fund because the mutual fund owns an interest in a Member or an Affiliate of a Member.

9.3.1.3 The disqualification standards described in Section 9.3 will not apply to disqualify a candidate who is receiving payments from a pension plan of a Member or an Affiliate of a Member in a form other than securities of such Member or Affiliate if the pension plan payments bear no relationship to the economic performance of the Member or Affiliate.

9.3.2 If an officer or employee receives a gift or inheritance of securities in any Member or Affiliate, he/she must resign or dispose of such securities within six (6) months of the date of receipt. Within six (6) months of the time a new Member is added in which an officer or employee owns securities, the officer or employee will resign or dispose of those securities.

**9.4 Employment.**

The Chief Executive Officer will be employed by the Board of Directors and will serve at the Board's pleasure. Any contract of employment with a Chief Executive Officer will permit the Board to dismiss the officer with or without cause.

**9.5 Chief Executive Officer's Duties.**

Subject to the Board's direction, the Chief Executive Officer or his/her designees will have the following duties, among others:

9.5.1 Execute policies at the direction of the Board and be responsible to the Board for the performance of the WECC functions described in Section 2;

9.5.2 Hire and fire staff within the constraints of the annual budget;

9.5.3 Perform administrative duties, such as preparing annual budgets for the approval of the Board, making employment decisions and ensuring conformance with regulatory requirements;

9.5.4 Develop and implement employment policies and standards of conduct; and

9.5.5 Accept or reject membership applications in accordance with the criteria of these Bylaws.

**9.6 Secretary's Duties.**

9.6.1 Maintain Member and Affiliates Lists. The Secretary will maintain continuously updated lists of all Members and Affiliates.

9.6.2 Maintain Official Records. The Secretary will keep minutes of all WECC Board and Member meetings and will receive and maintain minutes of committee meetings and all other official records of ~~the~~ WECC. Within five (5) business days after any vote taken by Members, the Board, a Class or any committee, the Secretary will provide notice to all Members and [Interested-Participating Stakeholders](#) (if applicable) of the

results of such a vote through postings on the website, email and/or other means of communication.

- 9.6.3 Maintain ~~Web~~Site. The Secretary will oversee the creation, maintenance, and updating of the WECC's ~~Web~~website and the information published through it.

## **10. Transmission Service Obligations.**

### **10.1 Non-Discriminatory Transmission Access.**

All Members owning, controlling or operating Transmission Facilities, or possessing rights to transmission capacity through contract, will provide interconnection and access to available transmission capacity to all other Members in a non-discriminatory manner through one of the following mechanisms: 1) a Regional Transmission Organization approved by the FERC in accordance with FERC Order 2000 and any successor order(s); 2) submission of an Open Access Tariff to the FERC; or 3) provision of non-discriminatory service in accordance with this Section 10.

- 10.1.1 Regional Transmission Organizations. A Member that is a Regional Transmission Organization approved by the FERC in accordance with FERC Order 2000 and any successor order(s), or a Member whose transmission capacity is controlled or operated by such a Regional Transmission Organization, will be deemed to be in compliance with Section 10 by virtue of its compliance with FERC Order 2000 and any successor order(s) and is exempt from Sections 10.2 through 10.4. Such a member will use the dispute resolution process specified in the bylaws, contracts, or tariffs of the applicable Regional Transmission Organization or other Local Regional Entity, provided that nothing in these Bylaws will prevent such a Member from using the dispute resolution process set forth in Section 11 where authorized or required by the bylaws, contracts, or tariffs of the applicable Regional Transmission Organization.
- 10.1.2 Members with Open Access Tariffs Filed with FERC. A Member which is not exempt pursuant to Section 10.1.1, but which has an Open Access Tariff which has been accepted for filing by the FERC, will be deemed to be in compliance with this Section 10 by virtue of its compliance with applicable FERC requirements governing its Open Access Tariff. Such Member is exempt from Sections 10.2 and 10.3; provided, however, that such Member must resolve transmission access disputes with other Member(s) in accordance with Sections 10.4, 10.5.2 and 11 of these Bylaws.
- 10.1.3 Other Members. Any Member subject to Section 10.1, but not eligible for exemption pursuant to Sections 10.1.1 or 10.1.2, will provide non-discriminatory interconnection and transmission access to other Members in accordance with Sections 10.2 through 10.5 of these Bylaws.
- 10.1.4 Canadian and Mexican Members. At the request of any Canadian or Mexican Member, the Board may adopt alternative provisions to this Section 10 applicable to the requesting Member provided that: 1) the alternative provisions differ from this



Section 10 to the minimum extent necessary to respect the laws and regulatory authorities governing the requesting Member; and 2) the alternative provisions require the requesting Member to provide interconnection and transmission service to other Members that is substantively equivalent to that required by this Section 10.

#### **10.2 Service to be Provided.**

Members described in Section 10.1.3 will provide non-discriminatory interconnection and transmission service to other Members comparable to that which would be required of an entity subject to Sections 210 through 213 of the Federal Power Act. The provision of service may be pursuant to an agreement negotiated between such Members, or, if applicable, pursuant to a service agreement under a tariff filed in accordance with Section 10.3. In no event will these Bylaws require a Member to provide transmission service that FERC is precluded from ordering under Sections 212(g) and 212(h) of the Federal Power Act. However, nothing in these Bylaws will be construed as prohibiting any Member from providing retail wheeling voluntarily or pursuant to a state statute or a lawful decision of a regulatory agency or court of law. Nothing in this section is intended to imply that any non-jurisdictional entity Member is subject to FERC jurisdiction.

#### **10.3 Open Access Tariffs.**

Except as provided in Section 10.3.1, Members described in Section 10.1.3 will file an Open Access Tariff or Tariffs consistent with Section 10.2 with the Secretary within sixty (60) days of becoming a Member. Upon the request of any Member, a Member subject to this Section 10.3 will provide a copy of its Open Access Tariff or Tariffs. Additionally, any change in any Open Access Tariff or Tariffs previously filed with the Secretary will be promptly filed with the Secretary after its adoption.

10.3.1 Petition for Exemption. Any Member described in Section 10.1.3 may petition the Board for an exemption from Section 10.3. The Board may grant such petition only if it finds that such Member is unlikely to receive a transmission service request. The granting of such a petition will not relieve the Member from the requirement to provide non-discriminatory access pursuant to Section 10.2 if the Member receives a transmission service request. If a Member has been granted an exemption from the filing of an Open Access Tariff by a Local Regional Entity based on criteria equivalent to this Section, such Member will be exempt from Section 10.3 of these Bylaws without the filing of a petition unless the Board determines otherwise.

#### **10.4 Requests Involving Members of Regional Entities.**

If a request for transmission service involves only Members who are also members of the same Local Regional Entity and the tariffs or governing documents of such Local Regional Entity provide for a process for requesting interconnection or transmission service, the process of the Local Regional Entity, as opposed to that set forth in this Section 10, will be followed. To the extent the governing documents of the Local Regional Entity establish different principles regarding the provision of interconnection or transmission service than those of ~~the~~ WECC, the principles of the Local Regional Entity will govern as among members of the Local Regional Entity; provided, however, that Members who are members of Regional Entities who receive requests for interconnection or transmission service from

Members who are not members of the same Local Regional Entity will not be precluded from substantively responding to such requests in a manner consistent with the tariffs or governing documents of such Local Regional Entity, provided that such responses will be subject to the dispute resolution provisions of Section 11.

#### **10.5 Request Process and Dispute Resolution.**

Members requesting interconnection or transmission service from Members described in Section 10.1.1 or 10.1.2 will do so in accordance with the applicable tariffs of the Member receiving the request. Members requesting such service from Members described in Section 10.1.3 will do so in accordance with this Section 10.5 in lieu of filing for such service pursuant to Sections 210 through 213 of the Federal Power Act.

10.5.1 Request Process and Interpretation of FERC Policy. Members described in Section 10.1.3 receiving requests from another Member for interconnection or transmission service pursuant to these Bylaws will respond to such requests in an expeditious and good faith manner. The Board may adopt procedural requirements regarding the processing of such requests to the extent it deems necessary and appropriate; provided, however, that the Board may not impose substantive obligations for the provision of interconnection or transmission service that are different from the substantive policies of the FERC applicable to such Members pursuant to Section 10.2. For the general guidance of arbitrators and Members and as it deems necessary, the Board may either request statements of policy from the FERC or adopt its own interpretations of FERC policy which will be subject to appeal to the FERC.

10.5.2 Dispute Resolution. Except as otherwise provided in Section 10.4, Members described in Sections 10.1.2 and 10.1.3, and any Member requesting interconnection or transmission service from such a Member, will resolve disputes regarding such requests in accordance with Section 11.

#### **11. Dispute Resolution.**

Except as may be otherwise provided herein, and subject to the conditions set forth in Appendix C, Section A.1, disputes between Members and/or ~~the~~ WECC will be resolved pursuant to the WECC Dispute Resolution Procedures set forth in Appendix C. Matters subject to the jurisdiction of the WECC Compliance Hearing Body are not subject to the procedures in Appendix C.

#### **12. Costs and Finances.**

##### **12.1 Funding of Reliability Activities.**

12.1.1 U.S. Statutory Funding. ~~The~~ WECC shall fund all activities undertaken pursuant to Section 215 of the Federal Power Act in accordance with the funding provisions and procedures of that law and related FERC regulations and orders. The Board shall approve a budget for such activities in time for submission to the ERO and to the FERC for approval of such funding in accordance with applicable requirements.

12.1.2 International Funding. ~~The~~WECC shall fund reliability activities undertaken pursuant to any agreements with appropriate Canadian or Mexican authorities in accordance with the provisions of those agreements.

12.1.3 Equitable Allocation of Funding. In adopting budgets for the costs of reliability activities, the Board shall endeavor to achieve an equitable allocation as between funding through Sections 12.1.1 and 12.1.2 based upon the net energy to load and other relevant factors consistent with applicable law, the Delegation Agreement and any International Reliability Agreements.

## **12.2 Dues.**

The Board may require Members and Participating Stakeholders to pay nominal annual dues consistent with applicable FERC requirements (or those of International Reliability Agreements as applicable) to cover reasonable costs of membership and/or participation in standards development that are not funded through Sections 12.1.1 or 12.1.2. Initial dues of a Member or Participating Stakeholder will be submitted with a completed application for membership or Participating Stakeholder status and will be for the prorated share of the full annual amount based on the Member's or Participating Stakeholder's actual months of membership or participation in the calendar year. In determining nominal dues, the Board may consider all relevant factors including, but not limited to, the ability of different classes of membership or Participating Stakeholders to pay such dues. The Board may also reduce, defer or eliminate the dues obligation of an individual Member or Participating Stakeholder for good cause shown.

## **12.3 Funding of Non-Statutory Activities.**

To the extent that ~~the~~WECC elects to fund any activities not eligible for funding pursuant to Sections 12.1.1 and 12.1.2, it shall do so through the use of service fees, charges or dues applicable to the persons or entities that voluntarily participate in such activities. Participation in or funding of such activities shall not be a condition of membership in ~~the~~ WECC.

## **13. Amendments to these Bylaws.**

These Bylaws may be amended by either the Board or by the Members in accordance with the following procedures.

### **13.1 Amendment by the Board.**

Except for those provisions described below, the Board may approve an amendment of the Bylaws after providing not less than thirty (30) days' notice of the proposed amendment to all Members. Approval of such an amendment requires the affirmative votes of not less than two-thirds (2/3) of the Directors in office. Such amendment will become effective sixty (60) days after its approval by the Board unless the vote is appealed to the Members prior to that time. Such an appeal will occur whenever a majority of any Class files a petition with the Secretary seeking such amendment. A vote on the appeal will occur at the next Annual Meeting unless the Board calls a special meeting of the Members beforehand. Upon appeal, the amendment will be deemed approved unless a majority of all Members vote to rescind the amendment. Notwithstanding the foregoing, the Board may not amend Sections 6.2 through

6.10 of the Bylaws, Section 8.4, Appendix C or this Section 13.1 without submitting such amendment to the Members for their prior approval.

**13.2 Amendment by the Members.**

Upon petition filed with the Secretary by any Member or Director, at any Annual Meeting the Members may amend any provision of these Bylaws; provided: 1) the proposed amendment has first been presented to the Board and not adopted (this provision will not apply to amendments which the Board is prohibited from adopting); 2) Members have received not less than sixty (60) days' notice of the proposed amendment, the reasons there for and a statement of the Board's position regarding it; and 3) the amendment receives the affirmative votes of not less than two-thirds (2/3) of all Members.

**13.3 Amendments in Response to Mandatory Membership.**

If at any time, pursuant to legislation or otherwise, membership becomes mandatory for some or all Members, upon the request of the affected Member(s) the Board will consider amendments to these Bylaws appropriate to such mandatory membership.

**13.4 Amendments proposed by FERC.**

FERC, upon its own motion or upon complaint, may propose an amendment to these Bylaws pursuant to 18 C.F.R. § 39.10(b).

**14. Termination of Organization.**

~~The~~ WECC may be terminated upon a vote of a majority of the Members in accordance with the provisions of Utah law, the Federal Power Act and the requirements of the Delegation Agreement and applicable International Reliability Agreements. Immediately upon such a vote, the Board will, after paying all debts of ~~the~~ WECC, distribute any remaining assets in accordance with the requirements of Utah law, the Internal Revenue Code and these Bylaws.

**15. Miscellaneous Provisions.**

**15.1 Limitation on Liability.**

It is the express intent, understanding and agreement of the Members that the remedies for nonperformance expressly included in Section 4.8 hereof shall be the sole and exclusive remedies available hereunder for any nonperformance of obligations under these Bylaws. Subject to any applicable state or federal law which may specifically limit a Member's ability to limit its liability, no Member, its directors, members of its governing bodies, officers or employees shall be liable to any other Member or Members or to third parties for any loss or damage to property, loss of earnings or revenues, personal injury, or any other direct, indirect, or consequential damages or injury which may occur or result from the performance or nonperformance of these Bylaws, including any negligence, gross negligence, or willful misconduct arising hereunder. This Section 15.1 of these Bylaws applies to such liability as might arise between Members under these Bylaws. This Section 15.1 does not apply to parties to the Agreement Limiting Liability Among Western Interconnected Systems ("WIS Agreement") with respect to matters covered by the WIS Agreement and does not apply to any liability provision in any other agreement.

**15.2 Indemnification.**

WECC shall indemnify and hold harmless its Directors, officers, employees, agents and advisors against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements), resulting from or relating to, in any way, any claim, action, proceeding or investigation, instituted or threatened, arising out of or in any way relating to any action taken or omitted to have been taken (or alleged to have been taken or omitted to have been taken) by such person in connection with actions on behalf of WECC, and against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements) incurred in connection with any settlement of any such claim, action, proceeding or investigation unless such action of such person is determined to constitute fraud, gross negligence, bad faith or willful misconduct with respect to the matter or matters as to which indemnity is sought.

**15.3 No Third Party Beneficiaries.**

Nothing in these Bylaws shall be construed to create any duty to, any standard of care with reference to or any liability to any third party.

**15.4 Informal Inquiries for Information.**

Nothing in these Bylaws shall preclude: 1) a Member from making an informal inquiry for information outside of the procedures outlined in Section 4.6.13 hereof to another Member and 2) that other Member from responding voluntarily to that informal inquiry, provided, however, that any such response to an informal inquiry for information shall not be binding upon that other Member and shall be used by the Member making the informal inquiry for informational purposes only.

**16. Incorporation.**

WECC shall organize itself as a non-profit corporation pursuant to the laws of the state of Utah regarding non-profit corporations under the name "Western Electricity Coordinating Council." All Members agree to take no actions that would contravene the ability of ~~the~~ WECC to maintain its status as a non-profit corporation existing pursuant to the Utah Act. The Board shall adopt these Bylaws as the Bylaws of ~~the~~ WECC as a non-profit corporation.

WECC is intended to qualify as an organization described in Section 501(c)(6) of the Internal Revenue Code. No part of any net earnings of ~~the~~ WECC shall inure to the benefit of any Member or individual. Upon liquidation, to the extent consistent with the Internal Revenue Code and Utah law, any monies remaining from assessments paid by Members for the costs of ~~the~~ WECC shall be rebated to Members in proportion to their payments. Any remaining assets of ~~the~~ WECC shall be transferred to another organization exempt from tax under Section 501(a) of the Internal Revenue Code, or government agency, promoting the same purposes as ~~the~~ WECC, as designated by the Board.

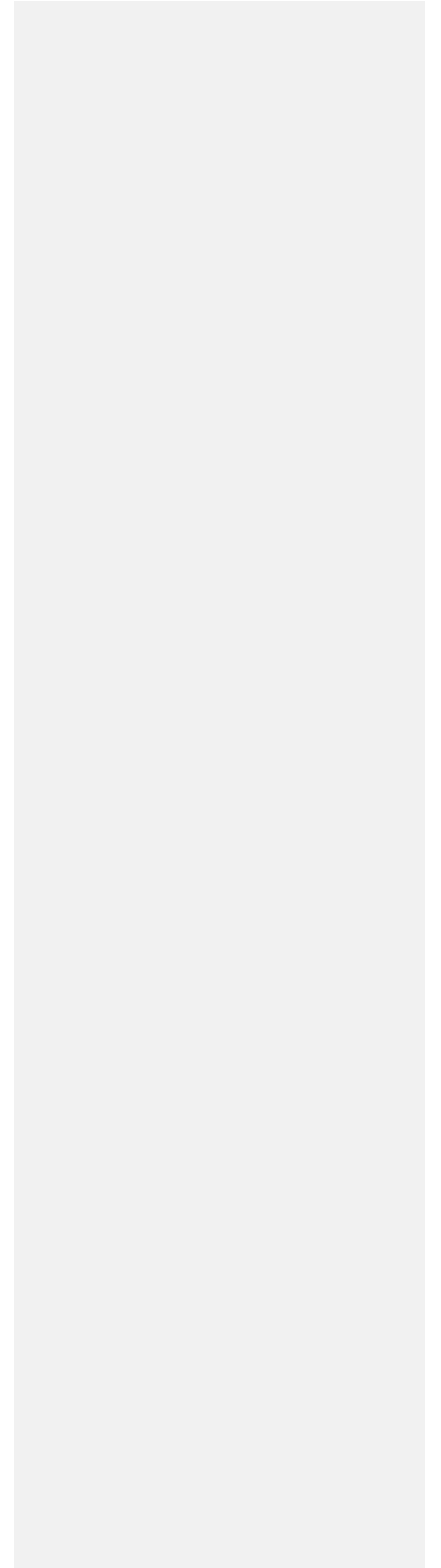
**17. Governing Law.**

Unless otherwise agreed, if any conflict of law arises under these Bylaws among the Members, the laws of the United States of America shall govern, as applicable. The venue for any legal action initiated under these Bylaws which concerns a specific request for transmission service shall be the city and state (or province) in which the headquarters of the Member providing the service is located.

The venue for any other legal action initiated under these Bylaws shall be the city and state (or province) in which the headquarters of ~~the~~ WECC is located.

## **APPENDICES**

- A. Board Member Standards of Conduct
- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures



**Appendix A**  
**Standards of Conduct for**  
**Members of the WECC Board of Directors**

By accepting appointment to the Board of Directors (the “Board”) of the Western Electricity Coordinating Council (~~the~~ “WECC”), a Director agrees to abide by the duties required of corporate directors and trustees. Utah law (and similar law in other states) imposes quasi-fiduciary duties of care and loyalty on all corporate directors or trustees, including directors and trustees of nonprofit corporations. For as long as he or she remains a member of the Board of Directors of ~~the~~ WECC, a Director will abide by the following standards of conduct.

- I. Duty of care. The Directors of a corporation are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.
  - A. Each Director will regularly attend Board of Directors meetings, digest the materials sent to him or her, participate in Board discussions and make independent inquiries as needed.
  - B. In voting on any matter before the Board or otherwise acting in his or her capacity as a Director, each Director will:
    1. make reasonable inquiry to inform himself or herself of the nature and consequences of the matter or action at issue;
    2. exercise, at a minimum, the degree of care, skill, and diligence that an ordinarily prudent business person would exercise under similar circumstances; and
    3. act in a manner the Director, in the exercise of his or her independent judgment, believes to be in the best interests of ~~the~~ WECC and the membership of ~~the~~ WECC, taken as a whole.
  - C. In exercising the duty of care described in paragraphs IA and B above, a Director has the right to rely on statements by the persons immediately in charge of business areas of ~~the~~ WECC, to rely on professionals and experts (such as engineers, accountants and lawyers) and to rely on committees of ~~the~~ WECC, unless facts or circumstances appear which would prompt further concerns of the ordinarily prudent person.
- II. Duty of loyalty. The duty of loyalty imposes on a Director the obligation to remain loyal to ~~the~~ WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. This duty does not preclude a Director from being employed in a competing or related business so long as the Director acts in good faith and does not interfere with the business of ~~the~~ WECC.
  - A. Each Director will carry out his or her duties as a Director in good faith.



- B. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer any improper personal benefit (financial or otherwise) upon himself or herself, any family member, or any person living in the Director's household.
- C. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer an improper benefit (financial or otherwise) on any organization:
1. for which the Director serves as an officer, director, employee, consultant, or in any other compensated or management position; or
  2. in which the Director or any family member or person living in the Director's household has a material financial interest (whether as a shareholder, partner, or otherwise).
- D. To the extent permitted by law, each Director will maintain the confidentiality of:
1. any confidential or proprietary information of ~~the~~ WECC disclosed or available to the Director;
  2. any confidential or proprietary information of WECC Member(s) to which the Director has access by virtue of his or her status as Director; and
  3. any confidential or proprietary information of third parties that has been provided to ~~the~~ WECC or the Board on condition of confidentiality.
- E. Conflicts of Interest. Because conflicts of interest may arise from time to time, specific guidelines are provided. In general, conflicts of interest involving a Director are not inherently illegal nor are they to be regarded as a reflection on the integrity of the Board or of the Director. It is the manner in which the Director and the Board deal with a disclosed conflict that determines the propriety of the transaction.

Directors of nonprofit corporations may have interests in conflict with those of the corporation. The duty of loyalty requires that a Director be conscious of the potential for such conflicts and act with candor and care in dealing with these situations.

The following are guidelines for Directors with actual or potential conflicts of interest:

1. Each Director has a responsibility to recognize potential conflicts of interest and to be guided when acting as a Director by his or her independent judgment of what is in the best interests of ~~the~~ WECC and the membership of ~~the~~ WECC, taken as a whole. If any Director has questions about whether a conflict of interest exists, he or she may make inquiry to the Chief Executive Officer of ~~the~~ WECC for advice.

2. Potential conflicts of interest may arise because of a Director's private, individual interests (personal conflicts of interest) or because of relationships the Director may have with other organizations or interest groups (organizational conflicts of interest). Current or past employment or other compensation-based relationships with one or more WECC Members are examples of potential organizational conflicts of interest. Whether a potential conflict of interest is personal or organizational, in all cases involving WECC affairs a Director's conflicting interests are subordinate to those of ~~the~~ WECC and the membership of ~~the~~ WECC, taken as a whole.
3. Personal conflicts of interest.
  - a. Personal conflicts of interest exist if a Director, a member of the Director's family, or a person sharing the Director's household: 1) has a material financial interest in a matter or transaction that comes before the Board for action; or 2) stands to receive a benefit (in money, property, or services) from a transaction involving ~~the~~ WECC to which the person is not legally entitled.
  - b. In cases of personal conflicts of interest, the affected Director's obligations are to:
    - (1) disclose to the Board, before the Board acts with respect to that matter, the material facts concerning the Director's personal conflict of interest; and
    - (2) refrain from voting, and from attempting to influence the vote of any other Director(s), in those matters in which the Director has a personal conflict of interest.
4. Organizational conflicts of interest.
  - a. An organization has a "direct" conflict of interest if a decision by the Board would confer material benefits on that organization that other WECC Members would not share, or impose material detriments or costs on that organization that other WECC Members would not share. The fact that many if not all Members are affected to some extent by Board decisions on core issues such as standards, new transmission lines and their ratings, does not create or constitute a "direct" conflict of interest.
  - b. It is not a "direct" conflict of interest for a Director to be associated with an organization or an interest group that may stand to benefit from decisions made or actions taken by the Board, so long as the Director does not attempt to use his or her position as a Director to confer special benefits on associated organizations or interest groups when other WECC Members would not share in those benefits.

- c. In cases of potential “direct” organizational conflicts of interest, the affected Director’s obligations are to:
- (1) disclose to the Board, before the Board acts with respect to the matter, the material facts concerning the organizational conflict of interest; and
  - (2) refrain from voting and from attempting to influence the vote of any other Director(s) with respect to the proposed action or decision.

**Appendix B**  
**Officers and Employee**  
**Standards of Conduct**

By accepting employment with the Western Electricity Coordinating Council (~~the~~“WECC”), an Employee agrees to abide by these Standards of Conduct. For the purpose of these Standards, an Employee includes each and all officers, employees and substantially full-time consultants and contractors of ~~the~~WECC.

- I. Duty of care. The Employees of ~~the~~WECC are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.

Employees shall not have any outside employment that limits in any way their ability to fulfill their employment responsibilities to WECC. If an Employee has any question about whether outside employment is consistent with this standard, they should consult with their supervisor.

- II. Duty of loyalty. The duty of loyalty imposes on an Employee the obligation to remain loyal to the WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. ~~The~~WECC expects all Employees to avoid adversely affecting the public’s confidence in the integrity and reputation of ~~the~~WECC. Any conduct or activities of any Employee should be capable of being justified and withstanding public scrutiny.

- A. Each Employee will carry out his or her duties as an Employee in good faith, with integrity and in a manner consistent with these Standards and all applicable laws governing ~~the~~WECC.
- B. Each Employee will refrain from using, or creating the appearance of using, any influence, access, or information gained through his or her service as an Employee to confer any improper personal benefit (financial or otherwise) upon himself or herself, or Family Member.<sup>2</sup> Employees shall not accept gifts or entertainment that would tend to affect, or give the appearance of affecting, the performance of their duties; provided, however, that Employees may accept de minimus food or entertainment or non-cash gifts received as part of a social or special occasion in amounts not to exceed \$1000 per source per year.
- C. Each Employee will refrain from using, or creating the appearance of using, any influence, access, funds or information gained through his or her service as an Employee to confer an improper benefit (financial or otherwise) on any organization. The

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<sup>2</sup> For purposes of these Standards, a Family Member includes a spouse, domestic partner, child of the Employee, or a relative living in the same home as the Employee.

obligation to avoid the appearance of impropriety shall apply in particular to any organization:

1. for which the Employee is serving or has in the past served as an officer, director, employee, consultant, or in any other compensated or management position; or
2. in which the Employee, or Family Member has a material financial interest known to the Employee (whether as a shareholder, partner, or otherwise).

D. Employees shall not use their WECC position, WECC funds or WECC resources to support any political party, candidate or proposition except as expressly authorized by the Board.

E. To the extent permitted by law, each Employee shall maintain the confidentiality of:

1. any confidential or proprietary information of ~~the~~ WECC disclosed or available to the Employee;
2. any confidential or proprietary information of WECC Member(s) to which the Employee has access by virtue of his or her status as Employee; and
3. any confidential or proprietary information of third parties that has been provided to ~~the~~ WECC or the Board on condition of confidentiality.

F. Conflicts of Interest. The following conflicts of interest policy shall apply to all WECC Employees. Conflicts of interest may arise from time to time. In general, conflicts of interest involving an Employee are not inherently illegal, nor are they to be regarded as a reflection on the integrity of ~~the~~ WECC or of the Employee. It is the manner in which the Employee and ~~the~~ WECC deal with a disclosed conflict that determines the propriety of the transaction. The following are guidelines for Employees with actual or potential conflicts of interest:

1. In general, personal conflicts of interest exist if an Employee, or a Family Member, has a material financial interest in a matter or transaction that comes before WECC for action, or stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled. For purposes of determining whether stock constitutes a material financial interest, see Paragraph F(6) below.
2. Organizational conflicts of interest exist if an Employee, or a Family Member, has a relationship with an organization or interest group that would cause a reasonable person to believe such Employee's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of WECC.
3. Where there is any question about potential conflicts of interest, the Employee shall disclose to the Chief Executive Officer as soon as possible and prior to when

WECC takes action with respect to that matter, the material facts concerning the Employee's personal conflict of interest, and refrain from participating in, or from attempting to influence the action of any Directors or Employee(s) of WECC regarding those matters in which the Employee has a conflict of interest.

4. No Employee may be an employee, director of, or consultant to or provide services to or be associated in any way with any WECC Member without full disclosure to, and written consent of, the Chief Executive Officer. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(4), the Employee shall promptly notify the Chief Executive Officer, who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
5. No Employee shall participate in any electric energy transaction other than for ordinary personal use except to the extent necessary to, and consistent with, the functions of WECC. Participation in an energy transaction includes, but is not limited to, purchasing, selling, marketing, or brokering of electricity, ancillary services, electricity transmission or electricity distribution. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(5), the Employee shall promptly notify the Chief Executive Officer who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
6. All Employees shall promptly disclose to the CEO and the Chair of the Board any direct or indirect financial interest in excess of \$5,000 (including the direct or indirect ownership of securities) held by the Employee or a Family Member living with the Employee<sup>3</sup> in any Electric Line of Business entity as defined in Section 3.15 of the Bylaws doing business in the Western Interconnection. Upon such disclosure, the CEO and the Chair of the Board shall determine whether such financial interest constitutes a conflict of interest, or the appearance thereof, in light of the duties of the Employee, the ability to divest such financial interest without undue hardship and the totality of the circumstances. In response to such disclosure, the CEO and the Chair may impose such remedies as are reasonable under the circumstances and consistent with section 9.3 of the Bylaws. Such remedies may include, but are not limited to, restrictions on the Employee's duties or involvement in certain matters, transfer of the Employee to another position, broader disclosure of the financial interest, voluntary or mandatory divestiture of the interest (in whole or in part) or other remedies. Pursuant to section 9.3.2 of the

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<sup>3</sup> Nothing in this section shall require an Employee to investigate the financial interests of Family Members not living with the Employee. However, to the extent known to the Employee, the financial interests of a Family Member not living with the Employee may create a potential conflict of interest (or appearance thereof) subject to Sections II(B) and/or II(F)(1) of these standards, in which case disclosure pursuant to Section II(F)(3) is appropriate.

Bylaws, if an Employee (not a Family Member) receives a gift or inheritance of securities of a Member of ~~the~~WECC, or if a new Member joins ~~the~~WECC in which the Employee (not a Family Member) holds securities, the Employee must resign or divest such securities within six months thereafter. For the purposes of this section, none of the following shall constitute a direct or indirect financial interest:

- a. An interest that exists through diversified mutual funds;
- b. An interest that exists for six months following receipt of a gift or inheritance of securities of a Market Participant or acceptance of employment with ~~the~~WECC, whichever is later (provided that employees of the WSCC shall have two years from ~~the~~WECC organizational meeting to divest securities in their possession as of that date);
- c. An interest that exists through a pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant so long as the benefits under such plan do not vary with the economic performance or value of the securities of such Market Participant.

## Appendix C

### WECC Dispute Resolution Procedures

#### C. DISPUTE RESOLUTION.

C.1 Obligation To Comply with Dispute Resolution Procedures. If any dispute concerning one or more issues identified in Section C.2 below arises between a Member and one or more other Members, or between one or more Members and WECC, all of the parties to the dispute shall, to the extent permitted by law, be obligated to comply with the dispute resolution procedures specified in these Bylaws (except to the extent all of the parties to the dispute may agree otherwise as provided in Section C.4 below). Only Members and WECC have the right to invoke the provisions of this Appendix C and, except where all affected parties have separately agreed otherwise with respect to a particular dispute, only Members and WECC are obligated to carry out the dispute resolution procedures set forth herein. Any dispute subject to the provisions of this Appendix C to which WECC is made a party shall be subject to the additional requirements specified in Section C.3 below if the dispute is initiated by a party other than WECC. To the extent permitted by law (and except as otherwise permitted by the provisions of Section C.6.3), no party to a dispute subject to the provisions of this Appendix C may pursue any other available remedy with respect to the dispute until all of the parties to the dispute have fully complied with the dispute resolution procedures specified herein, *provided, however*, that if any party to a dispute subject to the provisions of this Appendix C refuses to comply with the dispute resolution procedures specified herein, all other parties to the dispute shall subsequently be relieved of any further obligation to comply with these dispute resolution procedures before pursuing other remedies in connection with that dispute.



C.2 Issues Subject to Dispute Resolution Procedures. Any dispute between or among the parties identified in Section C.1 above (that the parties to the dispute do not resolve through negotiations between or among themselves) shall be subject to the dispute resolution procedures set forth in this Appendix C if the dispute concerns: (i) the application, implementation, interpretation, or fulfillment of any guidelines, criteria, policies, procedures, or Bylaws of WECC or the North American Electric Reliability Council (or any successor organization); or (ii) any matter specified in Section C.6.2 below; except that any matter that is subject to the jurisdiction of the WECC Compliance Hearing Body is not subject to the requirements of this Appendix C. Notwithstanding the foregoing provisions of this Section C.2, however, neither WECC nor any Member shall be obligated to comply with the dispute resolution procedures of these Bylaws if: (a) the matter in dispute falls within the scope of the dispute resolution procedures set forth in the governing agreements of the Western Regional Transmission Association, the Southwest Regional Transmission Association, or the Northwest Regional Transmission Association to the extent that such organizations continue to exist; (b) the dispute is between two or more Members (or WECC), all of which, at the time of the dispute, are parties to the WECC Reliability Management System Agreement and the matter is within the scope of the dispute resolution procedures set forth in that agreement; or (c) the dispute is between two or more Members, all of which, at the time of the dispute, are parties to a separate agreement or treaty or where an applicable tariff, rate schedule, or other legal obligation of one of the parties provides for the parties to resolve the dispute in a manner other than in accordance with the provisions of this Appendix C of the Bylaws. With regard to a transmission access matter pursuant to Sections 10.1.2, 10.1.3, 10.5 and C.6.2.3, however, members agree that their rights and obligations pursuant to

Sections 210 and 211 of the FPA shall not by themselves supersede or relieve them of their obligation, if any, to participate in the procedures set forth in this Appendix C.

C.3 Limitations on Members' Rights To Make WECC a Party to a Dispute. In addition to the other provisions of this Appendix C of the Bylaws, any dispute (other than a dispute initiated by WECC) to which WECC is made a party shall be subject to the limitations set forth in Sections C.3.1 and C.3.2 below.

C.3.1 Bases for Using Dispute Resolution Procedures To Challenge WECC Action.

Subject to any limitation set forth in these Bylaws or in applicable statute, regulation or FERC order, one or more Members may use the dispute resolution procedures specified in this Appendix C to challenge any final action of WECC only on one or more of the following bases: (i) the action is contrary to applicable law or regulation; (ii) the action is contrary to WECC's Articles of Incorporation or these Bylaws (including WECC's purposes as set forth in those documents); (iii) the action was taken in violation of applicable procedures of WECC governing that action; or (iv) the action encompasses a decision in which there was plain error material to the decision. For purposes of this Appendix C, action taken by WECC shall be deemed final if: (a) the action has been taken or adopted or approved or accepted by WECC's Board of Directors (other than by a motion specifically providing that the action is conditional or will have temporary application not to exceed six months); (b) all conditions specified to make any conditional action of WECC's Board of Directors effective have been fulfilled; or (c) the action has been taken or adopted or approved or accepted by a committee, subcommittee, task force, or other group or person acting under authority of WECC without any provision making the action

subject to further approval or adoption or acceptance by the Board of Directors. Nothing contained in this Appendix C shall limit any rights any Member (or any other party) may have under applicable law or regulation to initiate or participate in an administrative or legal action to which WECC is made a party in accordance with applicable provisions of law or regulation.

C.3.2 Obligation to Bear WECC's Share of Facilitator Costs. If one or more Members initiate a dispute under this Appendix C to challenge an action of WECC, the Member(s) initiating the challenge shall be obligated to bear all of the costs of facilitators' services incurred to comply with the requirement of Section C.5 below, except to the extent WECC agrees to pay a share of the costs of facilitators' services.

C.4 Ability to Modify Dispute Resolution Procedures by Agreement. Any provision of the dispute resolution procedures set forth in this Appendix C may be modified, waived, or omitted by agreement of all of the parties to the dispute. Parties to a dispute subject to these provisions are obligated to comply with its procedures unless all of the parties to the dispute agree to do otherwise. The manner in which the dispute resolution procedures set forth in this Appendix C may be varied include (by way of example and not as limitation): the manner of selecting a facilitator or arbitrator; the procedures or time lines to be followed during mediation or arbitration; the grounds or forum or right to appeal an arbitrator's decision; the manner of allocating fees and costs associated with the dispute; whether the parties are obligated to proceed to arbitration if the dispute is not resolved through mediation; and whether a decision rendered through arbitration is binding on the parties. In addition, any dispute that does not fall within the scope specified in Section C.2 above may

be resolved according to the procedures set forth in Appendix C of these Bylaws if all of the parties to the dispute agree to do so.

C.5 Mediation.

C.5.1 Notice to Other Parties and WECC's Chief Executive Officer. To initiate the dispute resolution process with respect to a dispute governed by the provisions of this Appendix C, the Member or WECC that has elected to initiate the dispute shall deliver to all other parties to the dispute and to WECC's Chief Executive Officer (whether or not WECC is a party to the dispute) written notice invoking the dispute resolution procedures set forth in this Appendix C (a "Dispute Notice").

C.5.1.1 The Dispute Notice shall: (i) include a brief, general description of the matter(s) in dispute; (ii) include a complete list of all other Members the party submitting the Dispute Notice intends to make a party to the dispute; and (iii) state whether or not WECC is to be made a party to the dispute.

C.5.1.2 Within five business days of receiving a Dispute Notice, any party to the dispute may elect to deliver a brief supplemental description of the dispute to WECC's Chief Executive Officer.

C.5.1.3 Within 10 business days of receiving an initial Dispute Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the dispute and a summary of the descriptions of the matter(s) in dispute provided by the parties to the dispute; and (b) deliver to each party to the dispute a copy of WECC's then-current standing list of

qualified facilitators, knowledgeable in the matters addressed by WECC (as approved by the Board of Directors).

C.5.1.4 No person may be listed on WECC's standing list of qualified facilitators unless the person has agreed to: (i) disclose, at any time the person is selected to serve as a facilitator under this Appendix C, any personal or financial interest the facilitator may have with respect to the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); (ii) disclose any relationship the facilitator may have with any party to the dispute that is not permitted under Section C.5.2 below; and (iii) abide by all applicable provisions of these Bylaws, including restrictions on disclosure of matters discussed and information exchanged during mediation as provided in Section C.5.3 below.

C.5.2 Selection of a Facilitator. Within 10 calendar days after the delivery of a Dispute Notice, the parties to the dispute shall select a neutral facilitator by mutual agreement. If the parties to the dispute cannot agree on a facilitator within 10 calendar days after delivery of a Dispute Notice, the facilitator shall be selected from WECC's standing list of qualified facilitators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of qualified facilitators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last person whose name remains on the list shall serve as the facilitator. No facilitator other than a facilitator chosen by agreement of all the parties to the dispute may (i) have a

personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the facilitator selected through the process of striking names specified above is disqualified under the preceding sentence, the facilitator whose name was stricken last shall serve in his or her place. In addition, if WECC is a party to a dispute initiated by one or more Members, turns striking names from the standing list of qualified facilitators shall alternate between WECC on the one hand and all other parties to the dispute on the other.

C.5.3 Mediation Process. The facilitator and representatives of all of the parties to the dispute shall meet within 14 calendar days after the facilitator has been selected and attempt in good faith to negotiate a resolution to the dispute. Each party's representative designated to participate in the mediation process must have the authority to settle the dispute (or, at a minimum, be authorized to negotiate on behalf of the party and make recommendations with respect to settlement of the dispute if final authority to approve a settlement is reserved to a party's board, executive committee, commission, or other governing body). At the parties' initial meeting with the facilitator, the facilitator shall, after soliciting input from the parties to the dispute, set the schedule for further meetings among the parties to the dispute (subject to the 60-day maximum mediation period specified in Section C.5.6 below). The parties to the dispute shall comply with the schedule set by the facilitator and attempt in good faith at every meeting to negotiate a resolution to the dispute. To the

extent permitted by law, neither the facilitator nor any party to the dispute may publicly disclose, rely on, or introduce as evidence in any subsequent arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning the same or any related dispute: (i) any views expressed or suggestions made by another party to the dispute with respect to a possible settlement of the dispute; (ii) admissions made by another party to the dispute in the course of the mediation proceedings; (iii) proposals made or views expressed by the facilitator; or (iv) the fact that another party to the dispute has or has not indicated willingness to accept a proposal for settlement made by the facilitator. In those cases in which a party to a dispute subject to the provisions of this Appendix C of the Bylaws is a membership organization (including WECC, if applicable), nothing in the preceding sentence shall prohibit that organization from reasonably communicating with its members and governing body to share general information about the dispute, such as the parties, status, disputed issues, and positions of each of the parties with respect to the disputed issues.

- C.5.4 Referral for Resolution. With the consent of all parties to the dispute, a resolution may include referring the matter to a technical body (such as a technical advisory panel of WECC) for resolution or an advisory opinion, to arbitration, directly to FERC or, in a dispute involving a Canadian Member, directly to the appropriate Canadian Regulatory Authority, or, in a dispute involving a Mexican Member, directly to the appropriate Mexican Regulatory Authority.
- C.5.5 Mediation Participation by WECC Staff When WECC Not a Party. If, during the course of mediation to which WECC is not a party, the facilitator or any party to the dispute wishes to solicit the views of WECC concerning the application,

implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the facilitator may request or permit the submission of WECC staff views only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.5.6 Mediation Deemed at Impasse After 60 Days. If the parties to the dispute have met and negotiated in good faith in accordance with the schedule set by the facilitator but have not succeeded in negotiating a resolution of the dispute within 60 calendar days after the first meeting with the facilitator pursuant to Section C.5.3 above, the parties to the dispute shall be deemed to be at impasse and, except as otherwise provided in Section C.5.6.2 below, shall also be deemed to have fulfilled their obligations under Section C.1 of these Bylaws to fully comply with the dispute resolution provisions before pursuing any other available remedy. If any party participating in the mediation process is subject to a contractual or statutory limitations period with respect to the matter in dispute, and the limitations period will expire before the 60-day period for mediation under this Section C.5.6 is completed, then the parties shall be deemed at impasse on the seventh calendar day preceding the expiration of the shortest applicable limitations period.

C.5.6.1 Disputes Not Subject to Provisions of Section C.6.2. Unless the matter in dispute is subject to the provisions of Section C.6.2 below, at any time after the parties to the dispute are deemed at impasse, the dispute may be submitted to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws (but only by agreement of all of the parties to the dispute). If the matter in dispute is subject to the provisions of



Section C.6.2 below, the parties' obligations with respect to submitting the matter to binding arbitration under Sections C.6 and C.7 of these Bylaws shall be as specified in Section C.5.6.2 below. In all other cases, if the parties to the dispute do not agree to submit the dispute to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws, any party to the dispute may at any time thereafter pursue any other remedy available under regulation, law, or equity (subject to the restrictions on disclosure set forth in Section C.5.3 above).

- C.5.6.2 Disputes Covered by Section C.6.2. If the parties to a dispute concerning a matter subject to the provisions of Section C.6.2 either: (i) are deemed at impasse after attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above; or (ii) have agreed to submit the matter directly to binding arbitration without attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above, the parties to the dispute shall submit the matter to binding arbitration in accordance with the procedures set forth in Sections C.6 and C.7 of these Bylaws.
- C.5.7 Costs of Facilitator's Services. Except as otherwise provided under Section C.3.2, the costs of the facilitator's services shall be born equally by all parties to the dispute unless the parties to the dispute agree otherwise, but the parties also intend that the costs of mediation should be taken into account in any resolution proposed through the mediation process.
- C.5.8 Notice to WECC of Completion of Mediation. Within 10 calendar days after either: (i) reaching a negotiated resolution through the mediation process set forth in Section C.5; or (ii) reaching deemed impasse in accordance with Section C.5.6 above, the parties to the dispute shall jointly deliver to WECC's Chief Executive Officer a written notice briefly describing the outcome of the mediation process. Promptly

after receiving written notice describing the outcome of a mediation conducted in accordance with Section C.5, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a brief description of the outcome of the mediation, together with a list of all of the parties to the dispute.

C.6 General Provisions Relating to Binding Arbitration.

C.6.1 Matters for Which Binding Arbitration is Elective. Except with respect to any dispute that concerns one or more matters specified in Section C.6.2 below, the binding arbitration procedures set forth in Section C.7 may be invoked only by agreement of all of the parties to the dispute to be arbitrated and are solely for the convenience of WECC and its Members. If a dispute governed by this Appendix C does not concern a matter specified in Section C.6.2 below, a party to the dispute shall be deemed to have fulfilled its obligations to comply with Appendix C of these Bylaws (irrespective of whether the parties to the dispute agree to proceed with binding arbitration) to the extent that either: (i) that party has fully performed the obligations set forth in Sections C.1 through C.5.8; or (ii) all of the parties to the dispute have agreed to a different process for resolving the dispute and the agreed-upon process has been fully carried out.

C.6.2 Matters for Which Binding Arbitration Is Obligatory. If a dispute is governed by Appendix C of these Bylaws and is not resolved through the process of mediation in accordance with Sections C.5.1 through C.5.6 above, the parties shall be obligated to submit the matter to binding arbitration in accordance with the procedures set forth in Section C.7 (subject to the limitations on the arbitrator's authority set forth in Section C.6.3 below) if the dispute concerns one or more of the following matters:

- C.6.2.1 a decision of WECC's Board of Directors or a Committee of the Board acting on the recommendation of, or on a matter within the jurisdiction of, the Operating Transfer Capability Policy Group ("OTCPG") or successor;
  - C.6.2.2 a transmission path rating, or a modification to a transmission path rating, assigned to one or more transmission paths operated by a Member (or jointly operated by more than one Member);
  - C.6.2.3 transmission access, pursuant to Sections 10.1.2, 10.1.3, and 10.5; or
  - C.6.2.4 any matter that, by vote of both WECC's Board of Directors and WECC's Membership, is designated as a matter to be subject to the provisions of Section C.6.2 of these Bylaws, provided that any matter submitted to WECC's Membership pursuant to this provision must be approved by at least the number of votes required to amend these Bylaws under Section 13.2.
- C.6.3 Limitations on Arbitrator's Authority with Respect to Matters Specified in Section C.6.2. Unless all of the parties to a dispute agree otherwise, an arbitrator rendering a decision with respect to any matter specified in Section C.6.2 above shall have no authority to consider or award remedies for past economic harm or damages of any kind, including without limitation actual or direct damages; indirect, consequential, or incidental damages; or exemplary or punitive damages. Nothing in this Section C.6.3 shall: (i) limit any rights that a party to a dispute concerning a matter specified in Section C.6.2 above may have to pursue legal claims for damages or other economic remedies after the arbitrator has rendered his or her decision on that matter (within the scope of his or her authority under this Section C.6.3); or (ii) limit an

arbitrator's authority under Section C.8 below to shift costs or impose monetary sanctions for "good cause" (as that term is defined in Section C.8).

C.6.4 Arbitration Decisions Not To Modify Underlying Rights and Obligations. Unless all of the parties to a dispute agree otherwise, the resolution through binding arbitration of any dispute governed by this Appendix C shall not have the effect of increasing, decreasing, or otherwise modifying WECC's or any Member's obligation to abide by, or ability to enforce or impose penalties or sanctions with respect to, any guidelines, criteria, standards, policies, procedures, decisions, or Bylaws of WECC or any limitation on the foregoing, whether established by law; regulation; judicial, executive, or administrative order, decree, or decision; tariff; contract; course of performance; treaty; or otherwise.

C.6.5 Laws Relating to Binding Arbitration. WECC and its Members recognize that some Members may be subject to laws (including without limitation United States federal or state laws, Canadian or provincial laws, or Mexican laws) that limit or define those Members' ability to agree in advance to be subject to binding arbitration. If a Member has the right or obligation under applicable law to refuse to submit to binding arbitration in connection with any dispute that would otherwise be subject to binding arbitration under Section C.6.2 of these Bylaws, that Member shall not be obligated to comply with the binding arbitration procedures set forth in Sections C.6 and C.7. Any Member subject to any law or other legally binding authority that may limit (or permit the Member to limit) its obligation to comply with the provisions requiring binding arbitration under Sections C.6 and C.7 or to fully comply with a valid arbitrator's decision rendered in accordance with this Appendix C shall provide

notice to this effect to all other disputing parties and WECC's Chief Executive Officer upon initiation of any dispute involving that Member if the dispute is subject to Section C.6.2. Upon receiving a notice under Section C.6.5, any other party to the dispute shall thereafter be relieved of any obligation to comply with the provisions Sections C.6 and C.7 in connection with that dispute, except to the extent that the Member giving notice agrees to be fully bound by procedures governing and results of any arbitration proceeding. If there are more than two parties to a dispute covered by the preceding sentence, however, then all parties to the dispute other than the party giving notice under Section C.6.5 shall make good faith efforts to establish a mutually acceptable approach for resolving among themselves whatever aspects of the dispute can reasonably be resolved through the procedures set forth in this Appendix C without the participation of the party giving notice under Section C.6.5. If any Member fails to submit to binding arbitration, or fails to abide by a valid arbitrator's decision rendered in accordance with this Appendix C, that Member shall thereafter have no right to enforce any of the provisions of Section C.6.2 (concerning obligations to submit specified disputes to binding arbitration) against any other Member or WECC until such time as the WECC Board of Directors, or a delegate designated by the Board, determines that it is appropriate to restore the Member's ability to enforce the provisions of Section C.6.2.

C.6.6 Consistency with Laws, Regulatory Jurisdiction and Orders, Etc. Nothing contained in this Appendix C and no arbitrator's decision rendered in accordance with Section C.7 shall be construed to require or shall otherwise operate to cause any Member or WECC to incur any obligation or take any action that is contrary to: (i) any

applicable law or regulation; (ii) any applicable authority, order, decree, rule, or decision of a regulatory, judicial, administrative, executive, or other governmental body having jurisdiction over one or more of the matters or parties subject to this Appendix C or covered by an arbitrator's decision; or (iii) any applicable rate schedule, tariff, treaty, or valid, pre-existing contractual obligation with which any party subject to this Appendix C or covered by an arbitrator's decision is legally obligated to comply.

C.7 Arbitration Procedures.

C.7.1 Notice to WECC of Initiation of Binding Arbitration. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated under Section C.6.2 above) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall deliver written notice to WECC's Chief Executive Officer (an "Arbitration Notice").

C.7.1.1 The Arbitration Notice shall: (i) include a brief, general description of the issues to be arbitrated; and (ii) identify all parties who have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7.

C.7.1.2 Within five business days of receiving an Arbitration Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the arbitration and the parties' brief, general description of the issues to be arbitrated; and (b) deliver to each party to the dispute a copy of

WECC's then-current standing list of qualified arbitrators, knowledgeable in matters addressed by WECC (as approved by the Board of Directors).

C.7.1.3 No person may be listed on WECC's standing list of qualified arbitrators unless the person has agreed to: (a) disclose, at any time the person is selected to serve as an arbitrator under this Appendix C, any personal or financial interest the arbitrator may have with respect to the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); (b) disclose any relationship the arbitrator may have with any party to the dispute that is not permitted under Section C.7.2 below; (c) assemble a complete record of the arbitration process and the materials received as evidence by the arbitrator if any of the parties to the dispute elect to appeal or contest the arbitrator's decision; and (d) abide by all applicable provisions of and procedures specified by Sections C.6 and C.7.

C.7.2 Selection of an Arbitrator. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall select an arbitrator by mutual agreement. If the parties cannot agree on an arbitrator within 10 calendar days after agreeing to arbitrate their dispute, the arbitrator shall be selected from WECC's standing list of qualified arbitrators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of qualified arbitrators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last

person whose name remains on the list shall serve as the arbitrator. No arbitrator other than an arbitrator chosen by agreement of all the parties to the dispute may (i) have a personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the arbitrator selected through the process of striking names specified above is disqualified under the preceding sentence, the arbitrator whose name was stricken last shall serve in his or her place.

C.7.3 Initial Statements and Proposed Arbitration Decisions. Within 10 calendar days after the selection of an arbitrator under Section C.7.2 above, each party to the dispute shall submit a statement in writing to all other parties to the dispute and to the arbitrator. Each disputing party's statement shall set forth in reasonable detail the nature of the dispute, the issues to be arbitrated, and the party's reasonable, good faith proposal for resolving the dispute. As provided in Section C.5.3 above, to the extent permitted by law, no party to an arbitration conducted under Sections C.6 and C.7 shall publicly disclose, rely on, or introduce as evidence in any arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning the same or any related dispute any information required to be kept confidential by the terms of Section C.5.3.



C.7.4 Procedural Matters. The arbitrator shall determine discovery procedures, how evidence shall be taken, what written submittals may be made, and other such procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed and the extent to which the credibility of witnesses is relevant to a resolution. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant and material to the issues presented. If such evidence involves proprietary or confidential information, the party submitting the evidence shall petition the arbitrator for a protective order, and to the extent the arbitrator determines there is good cause the arbitrator shall issue an appropriate protective order and all parties to the dispute shall comply with the protective order. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

C.7.5 Out-of-Court Sworn Testimony. At the request of any disputing party, the arbitrator shall have the discretion to allow that party to examine witnesses through sworn out-of-court testimony (referred to in the United States as “deposition” and in Canada as “discovery”) to the extent the arbitrator deems the evidence sought to be relevant and appropriate. In general, out-of-court witness examinations shall be limited to a maximum of three per party and shall be held within 30 calendar days after the making of a request. Each witness examination shall be limited to a maximum of three hours’ duration. The arbitrator shall have the discretion to permit the number and duration of examination sessions allowed under this Section C.7.5 to be increased, and to extend the 30-day time limit, upon request for good cause shown.

All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information.

- C.7.6 Intervention by Other Parties. Unless all of the parties to the dispute agree otherwise, no one (whether a Member, WECC, or any other entity or person) that is not a party to a dispute at the initiation of arbitration under Sections C.6 and C.7 shall have the right to intervene in the arbitration. Any party wishing to intervene in an arbitration under Sections C.6 and C.7 may petition the arbitrator for permission to intervene, provided that the petition is submitted to the arbitrator not more than 30 calendar days after notice of the arbitration is posted by WECC's Chief Executive Officer in accordance with Section C.7.1. The arbitrator shall have the discretion to permit a party to intervene if the arbitrator determines that the party petitioning to intervene has a direct and substantial interest in the outcome of the arbitration. In exercising his or her discretion concerning a requested intervention, the arbitrator shall also consider any additional complexity or delay that may be caused by allowing the intervention and also any other remedies available to the party requesting intervention. Any party that is granted the privilege of intervening in an arbitration under Sections C.6 and C.7 shall be permitted to intervene subject to the same terms, conditions, limitations, rights, and obligations of all other parties to the dispute, including without limitation the binding effect of arbitrator's decision, limitations on rights of appeal, the obligation to share equally in the costs of the arbitrator, and the obligation to be subject to the provisions of Section C.8.
- C.7.7 Consideration of WECC Criteria, Etc. The Arbitrator shall give due consideration to the reliability criteria, standards, guidelines, policies, and procedures of WECC and

the North American Electric Reliability Council (or any successor organization) to the extent they are relevant to resolution of the matter(s) in dispute. If the arbitrator's decision will include interpretation of any of WECC's reliability criteria, standards, guidelines, policies, and procedures, (and WECC is not a party to the arbitration), the arbitrator shall, before rendering his or her decision, consult with WECC (subject to the provisions of Section C.7.10 below) concerning the interpretation of WECC's applicable reliability criteria, standards, guidelines, policies, and procedures.

C.7.8 Evidence and Rebuttal. The arbitrator shall consider all issues material to the matter(s) in dispute. The arbitrator shall take evidence submitted by the parties to the dispute in accordance with procedures established by the arbitrator and may request additional information the arbitrator deems material to the resolution of the dispute. With the consent of all parties to the dispute, the arbitrator's request for additional information may include the opinion of any individual or organization with recognized expertise in the matter(s) in dispute, subject to the following conditions: (i) any verbal communication with an expert consulted by the arbitrator must take place exclusively in the presence of all parties to the dispute and copies of any written communications must be provided to all parties to the dispute; (ii) any expert consulted by the arbitrator must agree to be equally available upon request to all of the parties to the dispute; (iii) any expert consulted by the arbitrator must agree to comply with the restrictions on disclosure contained in Section C.5.3; and (iv) all parties to the dispute shall be afforded a reasonable opportunity to question the expert and to rebut any additional information submitted by the expert at the request of the arbitrator.

C.7.9 Arbitrator's Decision. The arbitrator shall make all reasonable efforts to complete hearings (if applicable) and submissions of written evidence not more than 90 calendar days after receiving initial statements submitted under Section C.7.3 above. As soon as practicable, but in no event more than 30 calendar days after the completion of hearings and evidence submittals, the arbitrator shall render his or her final decision for resolving the dispute. By agreement of all of the parties to the dispute or at the discretion of the arbitrator for good cause, the foregoing deadline for delivery of the arbitrator's decision may be extended. The arbitrator's decision shall be based on the arbitrator's good faith determination of a resolution that will: (i) be consistent with any laws, rules, and regulations applicable to the matter(s) in dispute; (ii) be consistent with any valid pre-existing agreements among the parties to the dispute that bear on the matter(s) in dispute; (iii) not require any party to the dispute to take action that is not in compliance with any of WECC's reliability criteria, standards, guidelines, policies, and procedures; and (iv) best serve to promote or maintain reliable operation of the interconnected bulk power systems of the Western Interconnection, without imposing inequitable burdens or benefits on any of the parties to the dispute or others that may be affected by implementation of the arbitrator's decision. The arbitrator shall deliver to each of the parties to the dispute, along with his or her decision, a written statement including specific findings of fact, conclusions of law (if applicable), and an explanation of the arbitrator's basis for rendering his or her decision. Subject to any protective order that may have been issued under Section C.7.4 above, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or electronic bulletin board a brief

summary of the arbitrator's decision. An arbitrator's decision that is not appealed shall not be deemed to be precedential in any other arbitration related to a different dispute.

C.7.10 WECC Staff Participation in Arbitration When WECC Not a Party. If, during the course of binding arbitration conducted under Sections C.6 and C.7 (in which WECC is not a party) the arbitrator or any party to the dispute wishes to solicit the views of WECC staff concerning the application, implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the arbitrator may request or permit the submission of WECC staff views only with the consent of all of the parties to the dispute and only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.7.11 Compliance and Costs. Unless one or more of the parties to the dispute initiates and notifies all other parties to the dispute that it has initiated a process to contest or appeal the arbitrator's decision under Sections C.9 through C.13, upon the decision by the arbitrator, the parties to the dispute shall, within the time frame specified by the arbitrator, and, subject to Section C.6.6 above, take whatever action is required to comply with the arbitrator's decision to the extent the arbitrator's decision does not require regulatory action. To the extent the arbitrator's decision affects jurisdictional rates, terms and conditions of service, or facilities or otherwise requires local, state, federal, or provincial approval or regulatory action, or a FERC filing or a Canadian

Regulatory Authority filing by a Canadian Member or a Mexican Regulatory Authority filing by a Mexican Member, the affected Member (or WECC, if WECC is the party with the obligation to seek regulatory action) shall, within the time frame specified by the arbitrator, submit the arbitrator's decision or an appropriate filing to implement the arbitrator's decision and support the appropriate authority's acceptance or approval of the arbitrator's decision or implementation filing, except in cases where any party to the dispute has given notice of its intent to contest or appeal the arbitrator's decision. All costs associated with the arbitration (not including costs associated with attorney and expert witness fees incurred by the parties to the dispute) shall be divided equally among the parties to the dispute unless: (i) all of the parties to the dispute agree to an alternate method of allocating costs; or (ii) in rendering his or her decision, the arbitrator exercises his or her discretion under Section C.8 below to assess fees, costs, or other monetary sanctions against one or more of the parties to the dispute for good cause.

C.7.12 Entry of Judgment. At any time after an arbitrator has rendered his or her decision in an arbitration conducted under Sections C.6 and C.7 (provided that the time provided for initiating an appeal under Sections C.11.1 and C.12 below has expired and no appeal or other means of contesting the arbitrator's decision has been initiated), judgment on the decision rendered by the arbitrator may be entered by any court of competent jurisdiction (subject to the provisions of Sections C.6.3, C.6.4, and C.6.6 above). If the award is against the United States, a party to the arbitration may apply to the United States District Court for the district in which the principal office of the

applicable United States department or agency is located for an order confirming the award pursuant to 5 U.S.C. § 580.

C.8 Arbitrator’s Discretion to Shift Costs or Impose Sanctions for Cause. Each party to any dispute submitted to arbitration under Sections C.6 and C.7 shall bear its own costs and fees associated with representation and participation in the arbitration process, and shall share equally in the arbitrator’s fees except that the arbitrator shall have the discretion, to the extent permitted by law, to require one or more of the parties to the dispute to pay part or all of the costs and fees (including without limitation attorneys’ and arbitrator’s fees) of one or more other parties to the dispute, or to impose monetary sanctions on some other basis that is reasonable under the circumstances, for good cause. As used in this Section C.8, “good cause” means conduct involving serious abuse of or failure to comply with the dispute resolution process set forth in this Appendix C, willfully undertaken to harass or delay other parties to the dispute or to substantially impede the arbitrator’s ability to render a decision consistent with the provisions set forth in Section C.7.9.

C.9 Rights to Appeal Arbitration Decisions. Except to the extent otherwise provided by applicable United States state or federal law, applicable Canadian or provincial law, or applicable Mexican law, a party to a dispute resolved by arbitration under Sections C.6 and C.7 may appeal or contest the arbitrator’s decision only on one or more of the bases specified in Section C.9.1 below and only in accordance with the procedures set forth in Sections C.9.2 through C.13.

C.9.1 Grounds for Appealing Arbitration Decisions. A party to a dispute resolved by arbitration under Sections C.6 and C.7 may contest or appeal the arbitrator’s decision only on the basis that: (i) the arbitrator’s decision is contrary to applicable law or

regulation (including without limitation the FPA or FERC's then-applicable standards or policies, or comparable types of provisions that may apply under applicable Canadian, provincial, Mexican, or other laws and regulations); (ii) the arbitrator's decision is demonstrably arbitrary and capricious and without support in the record assembled during the arbitration; (iii) the arbitrator failed to afford one or more parties to the dispute an opportunity for a fair and meaningful hearing; (iv) the arbitrator engaged in serious misconduct in connection with the arbitration; (v) the arbitrator exceeded the authority conferred upon him or her under this Appendix C or as otherwise established by agreement of all the parties to the dispute; or (vi) the arbitrator's decision is contrary to the provisions of Section C.6.6.

C.9.2 Matter and One or More Parties to Dispute Subject to FERC Jurisdiction. If (i) the subject matter of a dispute arbitrated under Sections C.6 and C.7 is within the jurisdiction of FERC, and (ii) the conditions specified in Section C.12.1 or C.12.2 are satisfied, the rights of the parties to contest or appeal the arbitrator's decision shall be as set forth in Sections C.10 and C.12 below (subject also to the provisions of Section C.9.1 above). Notwithstanding the foregoing, nothing herein shall be construed or operate to require any Canadian or Mexican party or any other party that is not a "public utility" within the meaning of the FPA to make any filing with FERC under Sections 205 or 206 of the FPA.

C.9.3 All Parties and Matters in Dispute Subject to Jurisdiction of a Canadian Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Canadian Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Canadian Regulatory Authority, any disputing



party may appeal an arbitrator's decision to that Canadian Regulatory Authority, where such Canadian Regulatory Authority has jurisdiction to hear the appeal, or to the appropriate Canadian court. Any appeal to a Canadian Regulatory Authority or Canadian court shall be subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.4 All Parties and the Matter in Dispute Subject to Jurisdiction of a Mexican Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Mexican Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Mexican Regulatory Authority, any disputing party may appeal an arbitrator's decision to the appropriate Mexican Regulatory Authority, subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.5 Appeal to Court. If none of the preceding provisions concerning appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority apply to an arbitrated dispute, any party to an arbitrator's decision rendered in accordance with the provisions of Sections C.6 and C.7 may appeal the arbitrator's decision to a court of competent jurisdiction as provided under Section C.13 below.

C.10 Appealing or Contesting Arbitrator's Decision to FERC or a Presiding Authority. Subject to the conditions specified in Sections C.9.1 through C.9.5 above, any disputing party may appeal or contest an arbitrator's decision to FERC or an appropriate Presiding Authority as follows:

C.10.1 Record on Appeal. Except as otherwise provided in Section C.10.3 below, any appeal or action to contest an arbitrator's decision to FERC or a Presiding Authority

shall be based solely upon the record assembled by the arbitrator. All parties to arbitrations conducted under Sections C.6 and C.7 intend that: (i) the FERC or other Presiding Authority should afford substantial deference to the factual findings of the arbitrator; (ii) the portion, if any, of the arbitrator's decision relating to issues not of first impression (i.e., matters previously decided by the FERC or other Presiding Authority or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference by the FERC or other Presiding Authority; and (iii) the portion, if any, of the arbitrator's decision relating to issues of first impression should be afforded no deference by the FERC or other Presiding Authority.

C.10.2 No Expansion of Record on Appeal. Except as otherwise provided in Section C.10.3 below, no Member, non-Member, or WECC that has been a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before FERC or a Presiding Authority beyond that assembled by the arbitrator.

C.10.3 Exceptions to Limitations on Record on Appeal. If the arbitrator fails to assemble a complete record of the evidence submitted with respect to an arbitrated decision that is appealed pursuant to Sections C.9 through C.13, the parties to the appeal shall, notwithstanding the provisions of Sections C.10.1 and C.10.2 above, have the right to supplement the arbitrator's record before FERC or the Presiding Authority with any materials received into evidence by the arbitrator but omitted from the record assembled by the arbitrator. If an arbitrator's decision is appealed under Section C.9.1(iii) or (iv) above on the grounds that the arbitrator improperly excluded evidence so as to materially prejudice the outcome of the arbitration with respect to

one or more of the parties to the dispute, any party to the appeal may submit the evidence asserted to be improperly excluded, but only as a basis to request that FERC or the Presiding Authority vacate the arbitrator's decision and remand the matter to the arbitrator (or, if FERC or the Presiding Authority determines that the arbitrator engaged in serious misconduct, to a newly selected arbitrator) for reconsideration of the matter with inclusion of the improperly excluded evidence. If an arbitrator's decision is appealed under Section C.9.1(iv) above on the grounds of serious misconduct by the arbitrator, any party to the appeal may offer new evidence relating to the arbitrator's alleged misconduct.

C.11 Procedures for Appeals to Presiding Authority. If any party to an arbitration under Sections C.6 and C.7 desires to appeal an arbitrator's decision to an appropriate Presiding Authority, it shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar days following the date of the arbitrator's decision. If notice of appeal is timely provided:

C.11.1 Within 30 calendar days after the date of the appealing party's first notice of appeal, the party providing notice of appeal shall file its statement of position regarding the appeal with the Presiding Authority, together with the complete evidentiary record of the arbitration and a copy of the arbitrator's decision. The statement of position shall state that the appeal requested has been the subject of an arbitration pursuant to this Agreement.

C.11.2 Within 30 calendar days after the date of the appealing party's first notice of appeal, any other party that was a party to the arbitration may file its statement of position regarding the appeal with the Presiding Authority.

- C.11.3 Copies of all materials filed with the Presiding Authority by any party during the course of an appeal shall be delivered to all other parties to the arbitration and to WECC's Chief Executive Officer.
- C.11.4 Implementation of the arbitrator's decision shall be deemed stayed pending an appeal unless and until, at the request of a disputing party, the Presiding Authority issues an order shortening or extending the stay of implementation.
- C.11.5 WECC's Chief Executive Officer shall publish (or cause to be published) a summary of each appeal in WECC's newsletter or electronic bulletin board.
- C.11.6 The Members and WECC intend that any Presiding Authority's order resulting from an appeal under Sections C.9 and C.11 shall be subject to judicial review pursuant to laws governing the Presiding Authority and the matter in dispute that provide for judicial review of Presiding Authority action.
- C.12 Procedures for Contesting or Appealing Arbitrator's Decision Before FERC. If any party to a dispute arbitrated under Sections C.6 and C.7 elects, subject to the limitations set forth in Sections C.9.1 through C.9.5 above, to contest or appeal an arbitrator's decision before FERC, the party so electing shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar days following the date of the arbitrator's decision. The provisions contained in Sections C.10.1, C.10.2, and C.10.3 above shall apply with respect to the record of the arbitration submitted to FERC. In addition, the following provisions shall apply:
- C.12.1 FERC Filing by Prevailing Party. If the arbitrator's decision requires the prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by the prevailing party, the prevailing party shall file the

arbitrator's decision or make an appropriate filing with FERC to implement the arbitrator's decision. Provided that it has given notice as required under Section C.12 above, any non-prevailing party may contest the prevailing party's filing in accordance's with FERC's applicable rules and regulations.

C.12.2 Complaint to FERC by Prevailing Party. If the arbitrator's decision requires a non-prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by any non-prevailing party, then, if the non-prevailing party has given notice as required under Section C.12 above, the prevailing party may submit the arbitrator's decision to FERC in the form of a complaint.

C.13 Appeal to Court. If none of the provisions that govern appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority as set forth in Sections C.9.2, C.9.3, or C.9.4 above apply, any disputing party may appeal an arbitrator's decision to any court of competent jurisdiction, subject to the conditions specified in Section C.9.1 above. Except as otherwise provided in Section C.10.3 above (substituting the words "court of competent jurisdiction" for "FERC or the Presiding Authority"), any appeal to a court shall be based solely upon the record assembled by the arbitrator, and no Member, non-Member, or WECC who is a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before the court beyond that assembled by the arbitrator.

**Appendix of Additional Definitions Relating to  
Alternative Dispute Resolution Provisions**

Arbitration Notice has the meaning specified in Section C.7.1 of these Bylaws.

Canadian Regulatory Authority. The agency or agencies established under the laws of Canada or the applicable Provinces of Canada and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Canadian Member.

Dispute Notice has the meaning specified in Section C.5.1 of these Bylaws.

FERC. The Federal Energy Regulatory Commission or a successor agency.

FPA. The Federal Power Act (16 U.S.C. §§ 824 *et. seq.*), as it may be amended from time to time.

Mexican Regulatory Authority. The agency or agencies established under the laws of Mexico or the applicable states of Mexico and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Mexican Member.

Presiding Authority. As used in Sections C.10 and C.11, the term “Presiding Authority” has the following meanings: with respect to an appeal to an appropriate Canadian Regulatory Authority, “Presiding Authority” means the presiding Canadian Regulatory Authority or Canadian court with jurisdiction to hear the appeal; and with respect to an appeal to an appropriate Mexican Regulatory Authority, “Presiding Authority” means the presiding Mexican Regulatory Authority or Mexican court with jurisdiction to hear the appeal.

**ATTACHMENT 3**

**EXHIBIT C TO WECC DELEGATION AGREEMENT –  
WECC RELIABILITY STANDARDS DEVELOPMENT PROCEDURE**

**REDLINED TO SHOW PROPOSED AMENDMENTS**

## **Exhibit C – Regional Standard Development Procedure**

**Exhibit C shall set forth WECC’s standards development procedure, which NERC agrees meets the following common attributes:**

### **COMMON ATTRIBUTE 1**

Proposed regional reliability standards shall be subject to approval by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA in the United States. In Canada and Mexico, regional standards must be approved by applicable governmental authorities before becoming mandatory in those respective jurisdictions. No regional reliability standard shall be effective within the WECC area unless filed by NERC with FERC, and any applicable authorities in Canada and Mexico, and approved by FERC and any applicable authorities in Canada and Mexico.

### **COMMON ATTRIBUTE 2**

WECC regional reliability standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. A WECC reliability standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. A regional reliability standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

### **COMMON ATTRIBUTE 3**

WECC regional reliability standards, when approved by FERC and applicable authorities in Canada and Mexico, shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the WECC area, regardless of membership in the region.

### **COMMON ATTRIBUTE 4**

**Requester** — The requester is the sponsor of the regional reliability standard request and may assist in the development of the standard. Any member of WECC, or group within WECC, shall be allowed to request that a regional reliability standard be developed, modified, or withdrawn. Additionally, any entity (person, organization, company, government agency, individual, etc.) that is directly and materially affected by the reliability of the bulk power



system in the WECC area shall be allowed to request a regional reliability standard be developed, modified, or withdrawn.

### **COMMON ATTRIBUTE 5**

**Standards ~~Request Routing~~ Committee and ~~Lead~~ Standing Committees** — The WECC Standards ~~Request Routing~~ Committee (~~WSRRC~~) manages the standards development process. The ~~WSRRC~~ will consider which requests for new or revised standards shall be assigned for development (or existing standards considered for deletion). The ~~WSC, with assistance from the lead~~-standing committees, will advise the WECC board on standards presented for adoption.

### **COMMON ATTRIBUTE 6**

**~~Registered~~ ~~b~~Ballot body** — The ~~registered~~-ballot body consists of WECC members and non-members that have been determined eligible for the WECC Standard Voting Sector~~comprises all entities or individuals that qualify for one of the stakeholder segments; are registered with WECC as potential ballot participants in the voting on standards; and are current with any designated fees.~~ Each member of the ~~registered~~-ballot body is eligible to vote on Regional Reliability Standards and Regional Criteria. The WSC is responsible for voting on ~~Each standard action is balloted by the lead standing committee and any registered Participating Stakeholders.~~ The representation model of the registered ballot body is provided in Appendix A.

### **COMMON ATTRIBUTE 7**

WECC will coordinate with NERC such that the acknowledgement of receipt of a standard request identified in step 2, notice of comment posting period identified in step 4, and notice for vote identified in step 6 below are concurrently posted on both the WECC and NERC websites.

### **COMMON ATTRIBUTE 8**

An acceptable standard request shall contain a description of the proposed regional reliability standard subject matter containing sufficiently descriptive detail to clearly define the purpose, scope, impacted parties, and other relevant information of the proposed standard.

### **COMMON ATTRIBUTE 9**

Within 14 days of receipt of a completed standard request, the [WCSRRRC](#) shall determine the disposition of the standard request.

### **COMMON ATTRIBUTE 10**

The [SRRC-WSC](#) may take one of the following actions:

- Accept the standard request as a candidate for development of a new standard, revision of an existing standard, or deletion of an existing standard. The [SRRC-WSC](#) may, at its discretion, expand or narrow the scope of the standard request under consideration. ~~The lead standing committee shall prioritize the development of standard in relation to other proposed standards, as may be required based on the volume of requests and resources.~~
- Reject the standard request. If the [SRRC-WSC](#) rejects a standard request, a written explanation for rejection will be delivered to the requester within 14 days of the decision.
- Remand the standard request back to the requester for additional work. The standards process manager will make reasonable efforts to assist the requester in addressing the deficiencies identified by the [SRRCWSC](#). The requester may then resubmit the modified standard request using the process above. The requester may choose to withdraw the standard request from further consideration prior to acceptance by the [SRRCWSC](#).

### **COMMON ATTRIBUTE 11**

Any standard request that is accepted by the [SRRC-WSC](#) for development of a standard (or modification or deletion of an existing standard) shall be posted for public viewing on the WECC website within 30 days of acceptance by the committee.

### **COMMON ATTRIBUTE 12**

~~The [WSC](#) standards process manager shall submit the proposed [will select](#) members of the drafting team to the lead standing committee and the SRRC. The lead standing committee and the SRRC shall approve the drafting team membership within 60 days of accepting a standard request for development, modifying the recommendations of the standards process manager as the committee deems appropriate, and assign development of the proposed standard to the drafting team.~~

### **COMMON ATTRIBUTE 13**

At the direction ~~from of~~ the ~~WSC~~~~lead standing committee~~, the standards process manager shall facilitate the posting of the draft standard on the WECC website, along with a draft implementation plan and supporting documents, for a no less than a ~~45~~~~30~~-day comment period. The standards process manager shall provide notice to WECC stakeholders and other potentially interested entities, both within and outside of the WECC area, of the posting using communication procedures then currently in effect or by other means as deemed appropriate.

#### **COMMON ATTRIBUTE 14**

The ~~WSC~~, ~~with assistance from the~~ drafting team ~~as it requests~~, shall prepare a summary of the comments received and the changes made to the proposed standard as a result of these comments. The ~~WSC~~~~drafting team~~ shall summarize comments that were rejected by the ~~drafting team~~~~WSC~~ and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the WECC website ~~within 30 days of the close of the comment period~~~~no later than the next posting of the proposed standard~~.

#### **COMMON ATTRIBUTE 15**

Upon recommendation of the ~~drafting team~~, ~~and if the lead standing committee concurs that all of the requirements for development of the standard have been met~~~~WSC~~, the standards process manager shall post the proposed standard and implementation plan for ballot and shall announce the vote to approve the standard, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

#### **COMMON ATTRIBUTE 16**

The standards process manager shall schedule a vote by the WECC lead standing committee]. The vote shall commence no sooner than ~~[30-15]~~ days ~~and no later than [30] days~~ following the issuance of the notice for the vote. ~~Voting shall begin no sooner than [7] calendar days following the Joint Session of the Standing Committees at which the draft standard was considered.~~

#### **COMMON ATTRIBUTE 17**

The WECC ~~registered~~-ballot ~~pool~~ shall consist of ~~Ballot Body~~ entities that have opted to vote on a specific standard. The ~~ballot pool~~~~body~~ shall be able to vote on the proposed standard during a period of not less than ~~15~~~~0~~ ~~business~~ days.

### **COMMON ATTRIBUTE 18**

All ~~lead standing committee members of WECC and Participating Stakeholders~~ Ballot Body members are eligible to participate in voting on proposed new standards, standard revisions or standard deletions.

### **COMMON ATTRIBUTE 19**

~~A weighted majority vote of the Ballot Pool is required for a draft standard to be approved by the WECC membership and Participating Stakeholders. Approval of the proposed regional reliability standard shall require a majority in the affirmative (affirmative votes divided by the sum of affirmative and negative votes) by both voting classes of the lead standing committee.~~ Abstentions and non-responses shall not count toward the results but will be counted in determining whether a quorum of the Ballot Pool is achieved.

### **COMMON ATTRIBUTE 20**

~~Under no circumstances may t~~The WECC Bboard may only substantively modify the proposed regional reliability standard in accordance with its backstop authority as authorized by the WECC Bylaws.

### **COMMON ATTRIBUTE 21**

Once a regional reliability standard is approved by the board, the standard will be submitted to NERC for approval and filing with FERC and applicable authorities in Canada and Mexico.

### **COMMON ATTRIBUTE 22**

- **Open** - Participation in the development of a regional reliability standard shall be open to all organizations that are directly and materially affected by the WECC bulk power system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in WECC, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to the WECC members and others.

### **COMMON ATTRIBUTE 23**

- **Balanced** - The WECC standards development process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

#### **COMMON ATTRIBUTE 24**

- **Inclusive** — Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the bulk power system in the WECC area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

#### **COMMON ATTRIBUTE 25**

- **Fair due process** — The regional reliability standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of Participating Stakeholders.

#### **COMMON ATTRIBUTE 26**

- **Transparent** — All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the regional entity's Web site.

#### **COMMON ATTRIBUTE 27**

- Does not unnecessarily delay development of the proposed reliability standard.

#### **COMMON ATTRIBUTE 28**

Each standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

#### **COMMON ATTRIBUTE 29**

While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with NERC's market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.

### **COMMON ATTRIBUTE 30**

To ensure uniformity of regional reliability standards, a regional reliability standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

### **COMMON ATTRIBUTE 31**

All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

### **COMMON ATTRIBUTE 32**

<b>Applicability</b>	Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions.  If not applicable to the entire WECC area, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.
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### **COMMON ATTRIBUTE 33**

<b>Measure(s)</b>	Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes
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	<p>required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.</p>
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**COMMON ATTRIBUTE 34**

<p><b>Compliance Monitoring Process</b></p>	<p>Defines for each measure:</p> <ul style="list-style-type: none"> <li>• The specific data or information that is required to measure performance or outcomes.</li> <li>• The entity that is responsible for providing the data or information for measuring performance or outcomes.</li> <li>• The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes.</li> <li>• The entity that is responsible for evaluating data or information to assess performance or outcomes.</li> <li>• The time period in which performance or outcomes is measured, evaluated, and then reset.</li> <li>• Measurement data retention requirements and assignment of responsibility for data archiving.</li> </ul>
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**RELIABILITY PROCESS FOR DEVELOPING AND APPROVING WECC**  
**STANDARDS**  
**DEVELOPMENT PROCEDURES**

## Introduction

This document explains the WECC process for requesting, announcing, developing, revising, withdrawing and approving WECC Standards as defined below (“WECC Standards Process”). The process involves several steps:

- A request to develop a new Standard or revise an existing Standard
- Decision to proceed with development or revision of a Standard and assignment to a Standing Committee and Subgroup-Drafting Team
- Public (including members) notification of intent to develop or revise a Standard
- Drafting stage
- Posting of draft for public comment
- Review of all comments and public posting of decisions reached on each comment
- WECC Standing Committee/Participating Stakeholder Ballot Body balloting of the proposed Standard
- Consideration of any appeals
- WECC Board of Directors (Board) decision regarding approval, disapproval or remand of proposed Standard
- Forwarding proposed WECC Reliability Standards to the ERO

The process for developing and approving WECC Standards includes:

1. Notification of pending Standard change before a wide audience of all “interested and affected parties”
2. Posting Standard change drafts for all parties to review
3. Provision for gathering and posting comments from all parties
4. Provision for an appeals process – both “due process” and “technical” appeals

The WECC Standing Committees have Standards Committee (WSC) has the responsibility for developing and balloting WECC Standards. Standing Committee chairs are The WSC Chair is responsible for ensuring administration of the process and completion of all Standing Committee WSC responsibilities. Standing Committees are assisted by a Standards Request Routing Committee and The WSC is supported by Subgroups the Standing Committees as well as Drafting Teams that draft the Standards, ensure the draft. The WSC, with the support of a Drafting Team and Standing Committees, ensures the Draft Standard is properly reviewed consistent with WECC due process requirements, respond responses have been provided to comments on the draft Draft Standard, and revise or the draft Draft Standard is revised in response to these the comments. Board approval signifies that WECC has adopted the Standard. WECC staff has the role of tracking the Standard as it moves through the process and facilitating resolution of issues. In accordance with Section 8.6 of the WECC Bylaws, interested stakeholders Participating Stakeholders may participate in Reliability Standard development and by joining the Ballot Body and may vote at the Standing



~~Committee level electronically on Reliability Standards or revisions to Reliability Standards a Draft Standard.~~

## **WECC Bylaws Controlling**

It is the intention of the drafters of the WECC Standards Process that the procedures described herein be interpreted and applied in a manner that is consistent with the WECC Bylaws. Should any conflict between this WECC Standards Process and the WECC Bylaws arise, the WECC Bylaws will control.

## **Terms**

**Ballot Body.** The Ballot Body consists of WECC members and non-members that have been determined eligible for the WECC Standard Voting Sectors described in this Reliability Standards Development Process and in section 8.5.5.2 of the WECC Bylaws. The Ballot Body consists of the entities that may vote on Regional Criteria and Regional Reliability Standards, except as otherwise limited by these procedures.

**Ballot Pool.** The Ballot Pool consists of Ballot Body entities that have opted to vote on a specific Standard. Quorum for voting on a Standard is based on the Ballot Pool.

**Days.** All references to days in this document refer to calendar days, except as otherwise noted in these procedures.

~~**Due Process Appeals Committee.** The committee that receives all appeals alleging that WECC's due process procedure was not properly followed during the development or revision of a Standard. The Due Process Appeals Committee consists of three Directors appointed by the Board Chair. The WECC Chief Executive Officer or his/her designee will be the staff coordinator for the Due Process Appeals Committee~~

**Draft Standard.** A Draft Standard includes any proposed new Standards, revisions to existing Standards, or termination of existing Standards. Draft Standards are introduced by use of Standard Authorization Requests or the Special Procedures for Addressing Regulatory Directives, as described in these procedures.

**Joint Session.** The Joint Session is any collective meeting of the Standing Committees. Such meetings are generally held in conjunction with the regular meetings of the individual Standing Committees.

**Participating Stakeholder.** A Participating Stakeholder as defined in Section 3.24~~33~~ of the WECC Bylaws.

**Standard.** In the context of this document, the term Standard refers to a Regional Reliability Standard or a ~~commercial Business Practice-Regional Criterion.~~

**Standard Authorization Request Form (or "SAR").** The form titled WECC Standards/~~Business Practice-Regional Criteria~~ Request Form approved by WECC for the purpose of requesting a new Standard ~~or~~ a revision to an existing Standard.

~~**Standards Request Routing Committee.** This committee consists of the chairs of the three Standing Committees, or their designees. This Committee is responsible for determining if a Standard Request is within the scope of WECC's activities, and assigning the request to the appropriate Standing Committee(s). termination of an existing Standard.~~

~~**Standing Committee.** The Market Interface Committee (MIC), Operating Committee (OC) or Planning Coordination Committee (PCC).<sup>1</sup> MIC, OC, and PCC will coordinate their responsibilities for those Standards that have a combination of market, operating, and planning implications.~~

~~**Subgroup.** A subcommittee, work group, or task force of the MIC, OC, PCC, or a combination of representatives from these committees that is responsible for developing a draft WECC Standard, posting it for review, and addressing public comments on the draft.<sup>2</sup> Voting members of a Subgroup are the individuals appointed to the group. In addition, one representative of the entity requesting a Standard has the option of joining the Subgroup as a voting member.~~

~~**Technical Appeals Committee.** The committee that receives appeals alleging that a party's technical comments were not properly addressed during the development of a Standard. The Technical Appeals Committee consists of the Vice Chairs of the Market Interface Committee, Operating Committee, Planning Coordination Committee, and a Director appointed by the Board Chair. The WECC Chief Executive Officer or his/her designee will be the staff coordinator for the Technical Appeals Committee. The Director appointed to the committee will act as chair. Replacement of a Technical Appeals Committee member in the event of a conflict of interest will be at the discretion of the Technical Appeals Committee Chair. If the chair has a conflict of interest, the WECC Board Chair will appoint another Director to serve as chair for the duration of the appeal in question.~~

~~**WECC Standards Committee.** This committee consists of one representative from each of the eight Voting Sectors described in Section 8.5.5.2 of the Bylaws and a ninth member who shall be a member of the WECC Board of Directors. The members of the WSC shall be appointed by, and serve at the pleasure of, the Board, in accordance with a charter of the WSC approved by the Board. The chair of the Board shall designate a member of the Board of Directors to serve as the chair of the WSC. The WSC is responsible for determining if a Standard Authorization Request is within the scope of WECC's activities, and overseeing the drafting, comment and voting process for a Standard. The WSC is responsible for taking actions described in the Special Procedures for Addressing Regulatory Directives to ensure compliance with directives issued by the Federal Energy Regulatory Commission (FERC) or Mexican or Canadian regulatory authorities. The WSC shall also oversee the process for responding to requests for interpretations of Standards.~~

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<sup>1</sup> In accordance with WECC Bylaws Section 8.5.4, Membership in WECC's Standing Committees is open to all WECC members.

<sup>2</sup> ~~Formation of Subgroups is in accordance with the Market Interface Committee's, Planning Coordination Committee's, and Operating Committee's Organizational Guidelines.~~

**WECC Standards Voting Sectors.** For purposes of voting on Standards, WECC members and Participating Stakeholders shall vote in the following eight sectors.

- 1) Transmission Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as transmission owners, transmission operators, transmission service providers, or transmission planners;
- 2) Generation Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as generation owners or generation operators;
- 3) Marketers and Brokers Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as purchasing-selling entities.
- 4) Distribution Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as distribution providers or load-serving entities;
- 5) System Coordination Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as balancing authorities, reserve sharing groups, planning authorities, resource planners, interchange authorities, and reliability coordinators. WECC may cast a vote in this sector;
- 6) End Use Representative Sector. This sector consists of non-registered members of WECC Member Class Four;
- 7) State and Provincial Representatives Sector. This sector consists of non-registered WECC members of WECC Member Class Five;
- 8) Other Non-Registered WECC Members and Participating Stakeholders Sector. This sector consists of consultants or other members of WECC Member Class Seven, or interested stakeholders who qualify for Participating Stakeholder status but are not registered in the NERC compliance registry.

For sectors one through five, Western Interconnection entities that perform functions outside the United States, that if conducted in the United States would qualify them for the NERC compliance registries included in these sectors, shall be eligible to vote in the appropriate sector(s), as may be determined by WECC staff.

Each WECC member or Participating Stakeholder shall have a vote that may be cast in each sector for which the member or stakeholder is eligible as described in Section 8.5.5.4 of the Bylaws.

Sectors one through five are the registered sectors, and the three non-registered sectors are sectors six through eight. If an entity is eligible for a registered sector, then that entity may be eligible for more than one registered sector. An entity can only be in one non-registered sector. An entity cannot be in both a registered and a non-registered sector. The first five sectors (1 through 5) shall be in the North American Electric Reliability Corporation (“NERC”) compliance registry, with the exception for entities that perform functions outside the United States that are determined eligible for these voting sectors by WECC Staff.

Participating Stakeholders may not vote on Regional Criteria unless the proposed Regional Criteria could result in sanctions to a non-WECC member.

## **Normal Process for Standards**

### **Step 1 – Request To Revise or Develop a Standard**

Requests to develop, terminate, or revise a Standard will be submitted to the WECC staff through the use of the WECC Standard Authorization Request Form (“SAR”). Requesters may be any individual or organization. WECC membership is not a requirement as long as the requester has an interest in electric system reliability or commercial business practices in the Western Interconnection.

### **Step 2 – Standard Authorization Request Validation and Routing Submission to the WSC**

The Standard Request Form SAR will be reviewed for completeness and assigned a tracking number by the WECC staff. Staff may assist with completing the request, or report to the Standards Request Routing Committee WSC that the request SAR is incomplete and request guidance. When complete, the WECC staff will forward the request SAR to the Standards Request Routing Committee. This committee WSC. WECC staff will maintain a web-based form that tracks all SARs through the Standard development process, as well as a Standards development tracking log that is posted on the WECC website.

The WSC will confer either in person or via conference call within two weeks of receipt of a completed request to determine whether the request is within WECC’s scope.

~~The WECC staff will maintain a web-based form that tracks all requests through the standard development process, as well as a standards development tracking log that is posted on the WECC website.~~

~~Upon ascertaining that a request is within the scope of WECC’s activities, the Standards Request Routing Committee will assign the request to the chair of the~~

~~appropriate Standing Committee(s), who will in turn assign it to a Subgroup. One Standing Committee will be designated as the lead Standing Committee. If the request has implications for any combination of planning, operations, or market issues, the chair of the lead Standing Committee, in consultation with the Standards Request Routing Committee, will evaluate the technical expertise of the Subgroup and may augment membership in the Subgroup for the purpose of drafting the proposed Standard or revision(s) to ensure that the Subgroup includes~~If the WSC determines, by majority vote, that a SAR is outside the WECC's authority or inappropriate, it will prepare an explanation and post it on the WECC website. The party that submitted the SAR, parties subscribing to the WECC standards email list, the Standing Committees, and Board will all be notified of the posting and its location on the WECC website. If the WSC decides to reject a SAR at this stage, such decision may be appealed to the Board in accordance with Step 8.

Upon ascertaining that a SAR is within the scope of WECC's authority and appropriate, the WSC will select and oversee a Drafting Team formed for the purpose of drafting a Draft Standard. The WSC shall ensure that the Drafting Team includes a composite of individuals having the appropriate planning, operations, and market expertise. Notification of such assignments will be posted on the WECC website and sent to all parties that subscribe to the WECC standards ~~e-mail~~email list. In addition, such assignments will be simultaneously noticed to NERC. The ~~Subgroup will act in accordance with duly approved Subgroup guidelines. Any other interested parties may participate in~~WSC shall ensure that the deliberations~~SAR provides the Drafting Team and WECC a description~~ of the Subgroup. ~~Draft Standard it expects the Drafting Team to draft, and an explanation as to why the Draft Standard is needed.~~

### **Step 3 – Subgroup Drafting Team Begins Drafting Phase and Announces on WECC Web Site Submits Draft Standard to WSC**

The ~~Subgroup~~Drafting Team will begin working on the ~~request at the Subgroup's next scheduled meeting, or no later than a designated number of days~~Draft Standard following assignment ~~from~~by the ~~Routing Committee~~WSC, as directed by the ~~lead Standing Committee~~WSC chair. The WSC shall provide a time period for which the Drafting Team should complete the Draft Standard. The WSC chair shall designate a Drafting Team leader who shall be responsible for coordinating the Drafting Team's efforts. Notification of ~~Subgroup~~Drafting Team meetings will be posted on the WECC website and sent to all parties that subscribe to the WECC standards ~~e-mail~~email list at least ~~30~~15 calendar days prior to the meeting. In addition, notification of all ~~Subgroup~~Drafting Team meetings will be simultaneously noticed to NERC. These meetings will be open to interested stakeholders. The ~~Subgroup chair~~Drafting Team will facilitate interested stakeholder participation in the discussion in order to encourage ~~Subgroup~~ understanding of the issues and consensus among the meeting participants. The ~~Subgroup~~Drafting Team will work to achieve a consensus recommendation. A consensus recommendation is one that strives to eliminate all well-reasoned objections, but if the Drafting Team determines that it is not possible to accommodate

all such points of view, it may proceed to provide a recommendation that is supported by a majority of the Drafting Team members.

Standard requesters have the right, and are encouraged to participate in the ~~Subgroup~~ drafting process. Requesters may be called on to provide additional information, supporting studies, and other information to support the requirements of the ~~proposed Draft~~ Standard ~~or revision(s)~~.

All WECC Standards will follow a standard format that refers to the “Responsible Entities” included in the NERC Functional Model and includes compliance measures according to the WECC standard template. The ~~drafting group~~ Drafting Team will include definitions for any terms included in the ~~Draft~~ Standard ~~or revision(s)~~ that need to be added to the WECC glossary.

In the course of its review, the ~~Subgroup~~ Drafting Team:

- ~~will review the preliminary technical assessment provided by the requester.~~
- ~~will compare with existing standards to determine whether a the request is better served by drafting a new standard or modifying an existing standard.;~~
- may perform or request additional technical studies, if necessary.;
- will complete an impact assessment report as part of its evaluation to assess the potential effects of the request.;
- may prepare additional supporting documents to support the Draft Standard; and
- may request from the ~~Board or Standing Committee~~ WSC additional time to study/develop the ~~proposed request~~ Draft Standard if the ~~Subgroup~~ Drafting Team believes it is necessary ~~to fully assess the proposed change.~~

~~Upon reaching a determination, by majority vote, that the requested Standard or revision to an existing Standard is needed, the Subgroup will announce the proposed Standard or proposed revision(s) in an existing Standard by posting on the WECC website a summary of the Standard or revision(s) it expects to draft, and an explanation as to why the new Standard or revision(s) in an existing Standard is needed. Notice of this posting, and its location on the WECC website, will be sent to all parties that subscribe to the WECC standards e-mail list. In addition these notifications will be simultaneously noticed to NERC.~~

~~If the Subgroup determines, by majority vote, that a new or revised Standard is not needed, it will prepare an explanation in consultation with the Standards Request Routing Committee and post it on the WECC website for a specified comment period. The party that submitted the request, parties subscribing to the WECC standards email list, the Standing Committees, and Board will all be notified of the posting and its location on the WECC website.~~

The Drafting Team, upon reaching a determination, by majority vote, on the language for a Draft Standard, shall submit the Draft Standard to the WSC. The Drafting Team shall also supply the WSC with the impact assessment report, any additional technical studies performed, and any other materials that significantly contributed to the Drafting Team’s evaluation and drafting of the Draft Standard.



#### Step 4 – Draft Standard Posted for Comment

~~The Subgroup will post the first draft.~~ Upon receiving the Draft Standard from the Drafting Team, the WSC shall decide whether to: (i) post the Draft Standard provided by the Drafting Team for comment; (ii) further revise or modify the Draft Standard provided by the Drafting Team, then post the WSC's revision for comment; (iii) return the Draft Standard to the Drafting Team for further work, as directed; or (iv) terminate the Standard development activity in accordance with the procedures for rejecting a SAR in Step 2. A majority (greater than 50 percent) vote of the ~~new or revised~~ authorized membership of the WSC is required to terminate a Draft Standard at this stage. If the WSC chooses to remand the draft back to the Drafting Team, the WSC chair shall provide the Drafting Team with the committee's reason for the remand and provide further guidance, as necessary.

If the WSC chooses to present the Draft Standard for comment, the WSC shall post the initial Draft Standard on the WECC website and provide 45 days for comments. Along with the draft, the ~~Subgroup~~ WSC will ~~prepare and~~ post ~~an~~ the impact assessment report. ~~Alternatively, the Subgroup may request input from affected parties regarding their estimated cost to implement the draft Standard, and will use that data to prepare an impact assessment report, which will be posted for comment when it becomes available.~~ The ~~draft~~ other supporting materials. The Draft Standard will include all mandatory requirements. In addition, ~~the Draft Standard~~ will include measurements, Violation Risk Factors, (VRFs), and Violation Severity Levels, (VSLs).<sup>3</sup> Notice of this posting and a solicitation for comments on the draft will be sent to all WECC members and all individuals who subscribe to the WECC standards e-mail list. In addition the notification of posting and solicitation for comments will be simultaneously noticed to NERC. ~~The WSC may request input from affected parties regarding their estimated cost to implement the Draft Standard and may use that data to amend an impact assessment report, which will be posted for comment when it becomes available.~~

Members of electric industry organizations may respond through their organizations, or directly, or both. All comments will be supplied electronically and will be posted on the WECC website.

#### Step 5 – ~~Subgroup~~ WSC Deliberates on Comments

~~Subgroup chairs are~~ The WSC chair is responsible for ensuring that comments are addressed in a timely manner. The ~~Subgroup~~ WSC may further employ and oversee the Drafting Team for purposes of analyzing and responding to comments. The WSC will post its response to comments on the WECC website within 30 days of the close of the comment period. All parties that submit comments are strongly encouraged to participate in ~~Subgroup~~ WSC deliberations.

<sup>3</sup> Regional Criteria, which are also to be developed under this Procedure, will not contain VRFs or VSLs which are only necessary for Standards that will be enforceable and for which violations may result in penalties.

If the SubgroupWSC determines, by majority vote, any technical comments including those on the draft or the impact assessment report are significant, it will repeat Steps 3 and 4 as many times as considered necessary by the Subgroup to ensure adequate opportunity for interested stakeholder input. All interested stakeholders are strongly encouraged to submit their comments as early in the process as possible. The number of days for comment on each subsequent revision to the draft of the proposed Standard or revision(s) will be 30 days. Parties whose comments have been rejected by a Subgroup may request review of such comments by the Standing Committee and Participating Stakeholders when the proposed Standard or revision(s) is brought before the Standing Committee for a vote (in Step 7). Draft Standard will be 30 days.

~~The Subgroup will attempt to achieve a consensus recommendation on a final draft. A majority vote of the SubgroupWSC is required to approve submitting the recommended Draft Standard or revision(s) to the Standing Committee and Participating Stakeholders. Voting will be conducted in accordance with this WECC Standards Process, the WECC Bylaws, and any other applicable regulatory requirements Ballot Body for a vote.~~ Balloting results will be documented. All WSC member dissenting voters, as well as others participating in the SubgroupWSC deliberations, will be encouraged to provide dissenting comments and, if possible, specific language that a party believes would make the Draft Standard acceptable. If the SubgroupWSC vote fails to capture a simple majority to approve the submittal to the Standing Committee and Participating Stakeholders Ballot Body for a vote, and there is no apparent way to reach a majority agreement, the SubgroupWSC will report to and seek guidance from the Standing Committee Chair WECC Board

### **Step 6 – SubgroupWSC Submits Draft Standard for Standing Committee/Participating Stakeholder Ballot Body Vote and Ballot Pools Are Established**

The Subgroup'sWSC's final draftDraft Standard or revision(s) will be posted on the WECC website and at least 30 days prior to the commencement of the voting window and WECC members and Participating Stakeholders who have joined the appropriate Standing Committees and Participating Stakeholders Ballot Body<sup>4</sup> will be notified of the Subgroup'sWSC's recommendation. The posting will include the final Subgroup vote, all WSC member vote, any dissenting WSC member comments, a summary addressing comments that were not incorporated into the draftDraft Standard, the impact assessment report and the date on period of time during which the Standing Committee and Participating Stakeholders are Ballot Body is scheduled to vote on the Subgroup'sWSC's recommendation.<sup>5</sup> Notice of the posting also will be sent to the Standing Committees, all Participating Stakeholders, and the standards e-mail email

<sup>4</sup> Each WECC Member and Participating Stakeholder shall be permitted to designate a person who is authorized to join Ballot Pools for Standards and to either cast a vote within those Ballot Pools or designate a proxy to cast the vote of the WECC Member or Participating Stakeholder. Each such designated person shall be provided a user name and password for use in electronically identifying that entity's authorization to act within the Ballot Body. The Ballot Body will be renewed every five years as part of WECC's section 4.9 review.

<sup>5</sup> The period of time the vote is scheduled shall take into account the next scheduled Joint Session of the Standing Committees.



list. In addition, the notification of the posting for ballot will be simultaneously noticed to NERC.

After posting of the Draft Standard, the Standing Committees shall participate in at least one Joint Session addressing the Draft Standard. In addition to the Joint Session, individual Standing Committees may undertake additional discussions or webinars.

The notice shall solicit participants for the Ballot Pool for the final Draft Standard scheduled for a vote. Members of the Ballot Body choosing to vote on the Draft Standard shall respond to the WSC's solicitation for Ballot Pools within a period designated by WECC Staff. Responses from Ballot Body members shall indicate within which WECC Standards Voting Sector(s) the party chooses to vote. Where a WECC member or Participating Stakeholder is eligible for multiple WECC Standards Voting Sectors, it may vote in any or all of its eligible sectors as allowed pursuant to the Bylaws (section 8.5.5.2) and this Reliability Standards Development Process. Based on responses to the Ballot Pool solicitation, WECC staff shall form the Ballot Pool for a particular Draft Standard.

#### **Step 7 – ~~Standing Committee/Participating Stakeholders~~ Ballot Pool Vote on Recommendation to Board**

~~In accordance with Sections 8.5 and 8.6 of the WECC Bylaws, the Standing Committee and Participating Stakeholders will vote on the draft Standard, revision(s) or withdrawal no later than at the next Standing Committee meeting, subject to applicable notice requirements. A minimum of 30 days notice will be provided prior to all Standing Committee meetings at which new or revised Standards will be considered for approval.<sup>3</sup> Notification of such meetings will be posted on the WECC website and sent to all parties that subscribe to the WECC standards e-mail list. Whenever it determines that a matter requires an urgent decision, the Board may shorten the time period set forth in this section in accordance with the requirements in the WECC Bylaws~~ Ballot Pool will vote on the Draft Standard. Voting shall begin at least seven (7) calendar days following the Joint Session of the Standing Committees at which the Draft Standard was considered. Voting on Draft Standards shall be via electronic voting administered by the WECC website, and shall take place over a fifteen (15) business day voting window. Each WECC member or Participating Stakeholder may cast one vote in each eligible voting sector. Voters rejecting the Draft Standard will be required to provide an explanation of their vote. Explanations will be added to the record in order to assist the WSC's and/or the Board's subsequent consideration of the Draft Standard.<sup>4</sup>

~~The Standing Committee~~ A weighted majority vote of the Ballot Pool is required for a Draft Standard to be approved by the WECC membership and Participating Stakeholders. Voting among the WECC Standards Voting Sectors will be weighted as follows:

- For each Sector with ten or more voters, the number of affirmative votes cast shall be divided by the sum of the affirmative and negative votes cast to determine the fractional affirmative vote for that Sector. Abstentions, incomplete votes, and non-responses shall not be counted for the purposes of determining the number of voters

in the Sector.

- For each Sector with less than ten voters, the fractional affirmative vote of that Sector shall be multiplied by ten percent (10%) times the number of voters. E.g., for a Sector with nine voters, the fractional affirmative vote will be multiplied by ninety percent (90%). Abstentions, incomplete votes, and non-responses shall not be counted for the purposes of determining the number of voters in the Sector.
- The sum of the fractional affirmative votes from all Sectors divided by the weighted number of Sectors voting shall be used to determine if a majority has been achieved. A Sector shall be considered as voting if any member of the Sector in the Ballot Pool casts either an affirmative or a negative vote. If there are more than ten voters in the Sector, the weighting used for the calculation of “weighted sectors voting” shall be one hundred percent (100%). For Sectors with less than ten voters, the weighting used for the calculation of the “weighted sectors voting” shall be ten percent (10%) per voter. Abstentions, incomplete votes, and non-responses shall not be counted for the purposes of determining the number of voters per Sector.
- A Standard shall be approved by the Ballot Pool if the sum of fractional affirmative votes from all Sectors divided by the weighted number of voting Sectors is a majority (i.e. greater than fifty percent (50%)).

A two-thirds (2/3) quorum of the Ballot Pool is required for each vote. Abstentions and incomplete responses will be counted in determining whether a quorum of the Ballot Pool is achieved. Quorum shall be based on total number of Ballot Pool members, and shall not be based on total number of votes cast. If necessary, the voting window may ~~vote~~ be extended by the WSC until a quorum is achieved.

After a vote by the Ballot Pool, the WSC will take one of the following actions:

(1) If the Ballot Pool approves a Draft Standard, the WSC shall submit the recommended Draft Standard to the WECC Board. The WSC shall provide the Draft Standard, any comments on which the WSC members did not agree, minority opinions of WSC members, explanations supporting votes in opposition to the Draft Standard, and the impact assessment for the Draft Standard to the Board for final approval. To be considered by the Board, any “no” votes by a WSC member on a Draft Standard shall be accompanied by a text explaining the “no” vote and, if possible, should provide specific language that would make the Draft Standard acceptable. Relevant voting information from the Ballot Pool shall be submitted to the Board for its consideration in determining whether or not to approve the Draft Standard. Final Draft Standards and all materials provided to the Board will be posted no less than 30 days prior to the Board vote.<sup>6</sup> The date of the expected Board vote will also be posted.

(2) If the Ballot Pool rejects a Draft Standard, the WSC may, by a majority vote (greater than 50 percent of the WSC membership), ~~decide to amend or modify a proposed the initial Draft Standard or revision(s) or remand it back to the Subgroup to propose~~

<sup>6</sup> WECC Bylaws, Section 7.5.1 – “Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days’ advance notice of which has been provided...”

~~needed-Drafting Team to amend or modify it. Any amended or modified Draft Standard must be resubmitted to the Ballot Pool for a vote before the WSC submits the subsequent Draft Standard to the WECC Board. If the WSC determines by majority vote (greater than 50% of the WSC members) that the modifications- to the Draft Standard could be unanticipated by the Ballot Pool or may be controversial, the amended or modified Draft Standard shall be subjected to an additional Joint Session discussion prior to voting.~~ The reasons for the modification(s) will be documented, posted, and provided to the Board. If any changes are made at the ~~Standing Committee~~WSC meeting, the roll call of votes for and against the ~~proposal~~subsequent Draft Standard and abstentions will be recorded at the meeting, and the ~~revised proposal~~subsequent Draft Standard will be posted for 10 days for comments.<sup>7</sup> - The comments will be posted and distributed to the ~~Standing Committee and Participating Stakeholders.~~ All ~~Standing Committee members and Participating Stakeholders,~~ including those who did not vote at the meeting, will be allowed 10 days from the time comments are posted to submit or change their votes, and the ~~Standing Committee/Participating Stakeholder votes will be recounted based on these new and revised votes to determine whether a majority has voted for the proposal.~~ Any parties that object to the modifications may appeal to the ~~appropriate appeals committee as provided in Step 8~~Ballot Pool and will be made available prior to any subsequent rounds of voting. Unless otherwise directed by the WSC, the Ballot Pool for subsequent votes on a Draft Standard shall consist of the same parties.

~~A majority vote of the Standing Committee and Participating Stakeholders, as specified in Section 8.5.5.2 of the WECC Bylaws, is required to approve submitting the recommended Standard or revision(s) to the Board for a vote. In accordance with Section 8.5.5.2 only Standing Committee members and Participating Stakeholders who are present at a meeting of the Standing Committee may vote on a Standard.~~

~~Although any of the three Standing Committees (together with Participating Stakeholders) may vote on submitting the recommended Standard or revision(s) to the Board, only the vote of the lead Standing Committee and Participating Stakeholders will determine the course of action. If the Standing Committees do not agree, the lead Standing Committee and Participating Stakeholders will decide whether to return the draft to the Subgroup for further work, to submit the recommended Standard or revision(s) to the Board, or terminate the Standard development activity with the posting of an appropriate notice to the Standards requester, the Subgroup, and the Board (if appropriate). The Standing Committee chairs will coordinate input from their respective Committees and Participating Stakeholders to the lead Standing Committee so that the lead Standing Committee and Participating Stakeholders will have all relevant information when voting. Relevant voting information from all Standing Committees will be submitted to the Board for its consideration in determining whether or not to approve the Standard.~~

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<sup>3</sup> ~~WECC Bylaws, Section 8.5.6 — “If the committee’s recommendation or decision changes significantly as a result of comment received, the committee will post the revised recommendation or decision on the Web site, provide e-mail notification to Members and Participating Stakeholders (if the recommendation or decision concerns a Reliability Standard or revision), and provide no less than ten (10) days for additional comment before reaching its final recommendation or decision.”~~

~~If the Standing Committee and Participating Stakeholders approve the Standard or revision(s), the Standing Committee sends its recommendation, together with the proposed Standard or revision(s), and any comments on which the Standing Committee and Participating Stakeholders did not agree, plus minority opinions, to the Board for final approval. To be considered by the Board, any “no” votes on a proposed Standard or revision(s) should be accompanied by a text explaining the “no” vote and if possible specific language that would make the Standard or revision(s) acceptable. Proposed Standards or revision(s) will be posted no less than 30 days prior to the Board vote.<sup>8</sup> The date of the expected Board vote will also be posted.~~

~~(3) If the Ballot Pool rejects a Draft Standard, the WSC may allow the Draft Standard to terminate.~~

## **Step 8 – Appeals Process**

~~Appeals are available at various levels~~Requests for reconsideration of the Standards Development Process as follows:

~~Rejection of a Standards Request by the Standards Request Routing Committee may be appealed to a Standing Committee and Participating Stakeholders, and if necessary, to either a Due Process or Technical Appeal Committee, as appropriate.~~

~~Appeals of Subgroup~~WSC decisions, including Routing Committee decisions, may be made to a Standing Committee and Participating Stakeholderthe WSC. The Standing CommitteeWSC will post its findings. The subsequent rejection of such an appeal by a Standing Committee and Participating Stakeholders may be further appealed to an appeals committee. The appeals committee will post and submit its findings and recommendations to the Standing Committee chair who will determine the appropriate course of action. Any submittal to a request by the WSC may be appealed to the Board of Directors for approval will include any findings and recommendations of the appeals committee.

~~A new Standard or revision(s) to an existing Standard recommended by a Standing Committee and Participating Stakeholders~~A Draft Standard recommended by the WSC may be appealed on either technical or due process grounds. Any due process or technical appeals must be submitted, in writing, to the WECC staff within 15 days of the date the Standing CommitteeWSC posts a recommendation.

~~The WECC staff will conduct an investigation and issue a written report of its findings and recommendations to the appealing party and Standing Committee. If the appealing party does not agree with the staff report, it can request that the appeal be referred to the Technical or Due Process Appeals Committee, which will conduct an investigation and issue a report including findings and recommendations. The Technical Appeals Committee will make assignments as necessary to existing WECC technical work groups and task forces, form new technical groups if necessary, and use other technical resources as required to address technical appeals. The appealing party has the burden~~

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<sup>4</sup> WECC Bylaws, Section 7.5.1 — “Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days’ advance notice of which has been provided...”

~~of proof and must demonstrate that the decision will adversely impact it. The Technical or Due Process Appeals Committee will issue a majority decision.~~

~~Each level of appeal will be completed within 30 days. The Board of Directors, at its discretion, may implement the Standard or revision(s) on an interim or emergency basis during the appeals process using the Urgent Action interim Standard Process set forth below.~~

~~An appeal to the Board shall be posted on the WECC website and shall be heard at the Board's next regularly scheduled meeting occurring at least 21 days after the appeal is filed.~~

## **Step 9 – Board Approval**

The WECC Board of Directors will consider the proposed Draft Standard ~~or revision(s)~~ no later than at its next meeting occurring at least 30 days after the ~~lead Standing Committee~~Ballot Pool vote. The Board will consider the ~~Standing Committee's~~WSC's recommendations and minority opinions, all comments that were not incorporated into the draft Standard or revision(s), and the impact assessment report, ~~and inputs from the Due Process and Technical Appeals Committees.~~ The Board will not amend or modify a ~~proposed~~Draft Standard, except to make nonmaterial changes to the language of a Standard or revision thereto. If approved, the Standard will be posted on the WECC website and all parties notified.

If the ~~new or modified~~Draft Standard is not approved, the Board may return the Draft Standard to the ~~Standing Committee and Participating Stakeholders~~WSC for further work, or the Board may terminate the Standard activity with an appropriate notice and explanation to the ~~Standard~~SAR requester, ~~Standing Committee~~WSC, and ~~Participating Stakeholders~~participants in the Ballot Pool. These Board actions will also be posted.

A majority vote of the Directors present at a Board meeting, as specified in ~~Section~~Sections 7.2 and 7.24.1 of the WECC Bylaws, is required to approve the recommended Standard ~~or revision(s).~~

## **Step 10 – ERO Review, FERC Approval and Implementation of Reliability Standards**

To the extent required under Section 215 of the Federal Power Act, 18 C.F.R. Part 39, and according to procedures established in the delegation agreement between WECC and the Electric Reliability Organization (“ERO”), the Board shall submit new Reliability Standards ~~and~~, revisions to existing Reliability Standards, and terminations of existing Reliability Standards for review by the ERO and approval by FERC. Upon approval by FERC, the Reliability Standards will be made part of the body of NERC reliability standards and enforced upon all applicable bulk power system owners, operators, and users within the WECC region. Parties’ right to participate in the ERO and FERC review processes shall be as established in the applicable regulations and the ERO/WECC delegation agreement. Reliability Standards subject to ERO review shall become

effective as approved by FERC or, for entities outside of the U.S. portion of the Western Interconnection, upon approval by the applicable Canadian or Mexican authorities.

### **Step 11 – Implementation of Standards Not Subject to ERO/FERC/Other Approval**

All new and modified Standards not subject to ERO review and FERC, Canadian or Mexican approval as provided in Step 10 shall become effective as ordered by the WECC Board. As of the effective date of such new or modified Standard, all industry participants in the Western Interconnection that such Standard is applicable to are expected to implement and abide by the Standard. Any and all parties to this Process retain the right of appeal to other authorities as the law allows.

## Expedited Process for Urgent Action Interim Standards

In cases requiring urgent action, such as in the development of emergency operating procedures, ~~the any~~ Standing Committees ~~and/or~~ Participating Stakeholders may propose a new or modified interim Standard for approval by the WECC Board through a process that eliminates any or all of the steps outlined above, but only to the extent necessary, and only in a manner that is consistent with the WECC Bylaws. Such interim Standard shall be replaced by a Board-approved permanent Standard, developed using all the steps identified in this document within one year (or such additional time as may reasonably be required to complete all steps) from the date on which the WECC Board approved the interim standard. An interim Standard may be converted to a successor permanent Standard as long as any procedural steps bypassed in developing the interim Standard are completed with respect to the permanent Standard. If necessary, the Board may renew an interim Standard to allow additional time for the development of a successor permanent Standard. Renewal may occur more than once, but a good faith effort must be made to develop a successor permanent Standard.

### Interpretation of Regional Standards and Regional Criteria

Any entity may request an interpretation of a Standard by sending a request through the WECC web portal identifying the Standard and requirement or requirements for which additional clarity is sought. The request shall indicate the material impact to the requesting entity or others caused by the actual or potential lack of clarity. An interpretation is limited to clarifying existing requirements in approved Standards. Interpretations may not be developed that expand upon a requirement or that provide guidance on how to apply a requirement.

The WECC Staff shall review the request for clarity and completeness and shall work with the requestor to clarify the request or complete any missing elements of the request if needed. The WECC Staff shall forward the request to the WSC. If the WSC believes that the request is intended to change a requirement or is seeking feedback on how to apply a requirement, rather than interpret the requirement, the request shall be denied and returned to the requestor with an explanation. If denied, the requestor shall be advised of the appeals process.

Within 21 days of receiving the request, the WSC Chair shall assemble an Interpretation Drafting Team (IDT) with the relevant expertise to address the clarification. The IDT should include members from the original Standard Drafting Team to the extent possible, and may be supplemented as deemed appropriate by the WSC Chair, but shall not contain any members representing the entity that submitted the request.

As soon as practicable, but not more than 45 calendar days after the WSC assembles the IDT, the IDT shall draft a written interpretation to the Standard providing the requested clarity. The interpretation shall be posted for a 30-day formal comment period. The IDT shall then have 15 days to respond to the comments and to make any changes to the interpretation. The IDT shall reach a determination on the language for



an interpretation by majority vote of the IDT. The IDT shall then return the interpretation to the WSC which shall then post the interpretation for another 30 days to give entities time to review the interpretation prior to a Ballot Pool vote. Notice of this posting will be sent to the Ballot Body, and the notice shall solicit participants for the Ballot Pool for voting on the interpretation. After posting of the interpretation, the Standing Committees shall participate in at least one Joint Session addressing the interpretation. Voting on the interpretation shall be consistent with the quorum and weighted voting procedures explained in Step 7 of these Reliability Standards Development Procedures. Use of a conference call or web meeting and electronic or email balloting is encouraged to shorten the interpretation process. If the interpretation is approved by a weighted majority of the Ballot Pool, the WSC shall forward the interpretation to the WECC Board of Directors for approval. If the Ballot Pool rejects the interpretation, the WSC shall notify the requestor. The WSC shall also ask the IDT to provide a revised interpretation.

Interpretations of Regional Standards shall be submitted to NERC for processing with a request that the interpretation be adopted by the NERC Board of Trustees and then filed for approval with FERC and applicable Governmental Authorities in British Columbia, Alberta and Mexico.

For entities operating in the United States, once the interpretation of a Regional Standard is approved by FERC, the interpretation shall become effective and shall be appended to the Standard. For entities outside of the U.S. portion of the Western Interconnection, interpretations shall become effective for these entities only upon approval by the appropriate Canadian or Mexican regulatory authority. The interpretation will remain appended to the Standard until such time as the Standard is revised through the normal process incorporating the clarifications provided by the interpretation.

### **Special Procedures for Addressing Regulatory Directives**

If the Board determines that the WECC Standards Process did not result in a proposed Draft Standard that addresses a directive issued by the FERC or by a Mexican or Canadian regulatory authority (Applicable Regulatory Authority), hereinafter, “regulatory directive,” then the Board shall have authority to take certain actions to ensure that a Draft Standard responsive to the regulatory directive is drafted, approved and/or submitted to the Applicable Regulatory Authority.<sup>9</sup> The Board shall have the authority to choose which one or more of the actions set out below are appropriate to the circumstances and need not take these actions in sequential steps.

1. Board Remand to the WSC after an Affirmative Vote of the Ballot Pool. If the Board is presented with a Draft Standard that fails to address a regulatory directive, the Board may remand to the WSC the proposed Draft Standard with instructions (including establishing a timetable for action).

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<sup>9</sup> The procedures in this section, “Special Procedures for Addressing Regulatory Directives,” only apply to draft Regional Reliability Standards.



2. Board Remand to WSC for Additional Public Consideration and Re-ballot. Upon a written finding by the Board that a Ballot Pool has failed to approve a Draft Standard that contains a provision to address a specific matter identified in a regulatory directive, the Board has the authority to remand the Draft Standard to the WSC with instruction to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the Draft 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 WECC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the Draft Standard one additional time, with such adjustments in the schedule as are necessary to complete a re-ballot of the Draft Standard within forty-five (45) days of the remand. The WSC memorandum shall be made available to the Ballot Pool in connection with the re-ballot. In any re-ballot, negative votes without comment shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the Draft Standard shall be counted for purposes of determining the number of votes cast and whether the Draft Standard has been approved by the Ballot Pool.

3. Affirmative Vote upon Re-ballot of Draft Standard. If the re-balloted Draft Standard achieves an affirmative majority vote of the Ballot Pool, with a quorum established, then the Draft Standard shall move to the Board for approval.

4. Negative Vote upon Re-ballot of Draft Standard. If the re-balloted proposed Draft Standard fails to achieve an affirmative majority vote of the Ballot Pool, or if a quorum is not established, then the Board has the authority to consider the Draft Standard for approval pursuant to the following:

(i) The Board shall issue notice of its intent to consider the Draft Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the Draft Standard that address the specific matter identified in the regulatory directive, including whether or not the Draft 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) The Board may convene a public technical conference to receive additional input on the matter.

(iii) After considering the developmental record, the comments received during balloting and the additional input received under (i) and (ii), the Board has authority to act on the Draft Standard. If the Board finds that the Draft 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 the Board has authority to approve the Draft Standard and direct that it be filed with the Applicable Regulatory Authority with a request that it be made effective. If

the Board is unable to find that the proposed Draft 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 direct that the Draft Standard and complete developmental record, including the additional input received under (i) and (ii), be submitted to the Applicable Regulatory Authority, as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Draft Standard not be made effective and an explanation of the basis for the recommendation.

5. Board Approval or Rejection of a Draft Standard Prepared by the WSC or WECC Staff and Not Balloted. Upon a written finding by the Board that the WSC has failed to develop, or a Ballot Pool has failed to approve, a Draft Standard that contains a provision to address a specific matter identified in a regulatory directive, the Board has the authority to direct the WSC (with the assistance of stakeholders and WECC staff) to prepare a Draft Standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. If the WSC fails to prepare such Draft Standard, the Board may direct WECC management to prepare such Draft Standard. As part of this process, the Board may convene a public technical conference to receive input on the matter. The Draft Standard shall be posted for a forty-five (45) day public comment period. After considering the entire developmental record, including any comments received during the public comment period, the Board may do one of the following:

(i) The Board may find that the Draft Standard, with such modifications as the Board 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. In this case, the Board has the authority to approve the Draft Standard and direct that the proposed Standard be submitted to the Applicable Regulatory Authority with a request that the Draft Standard be made effective.

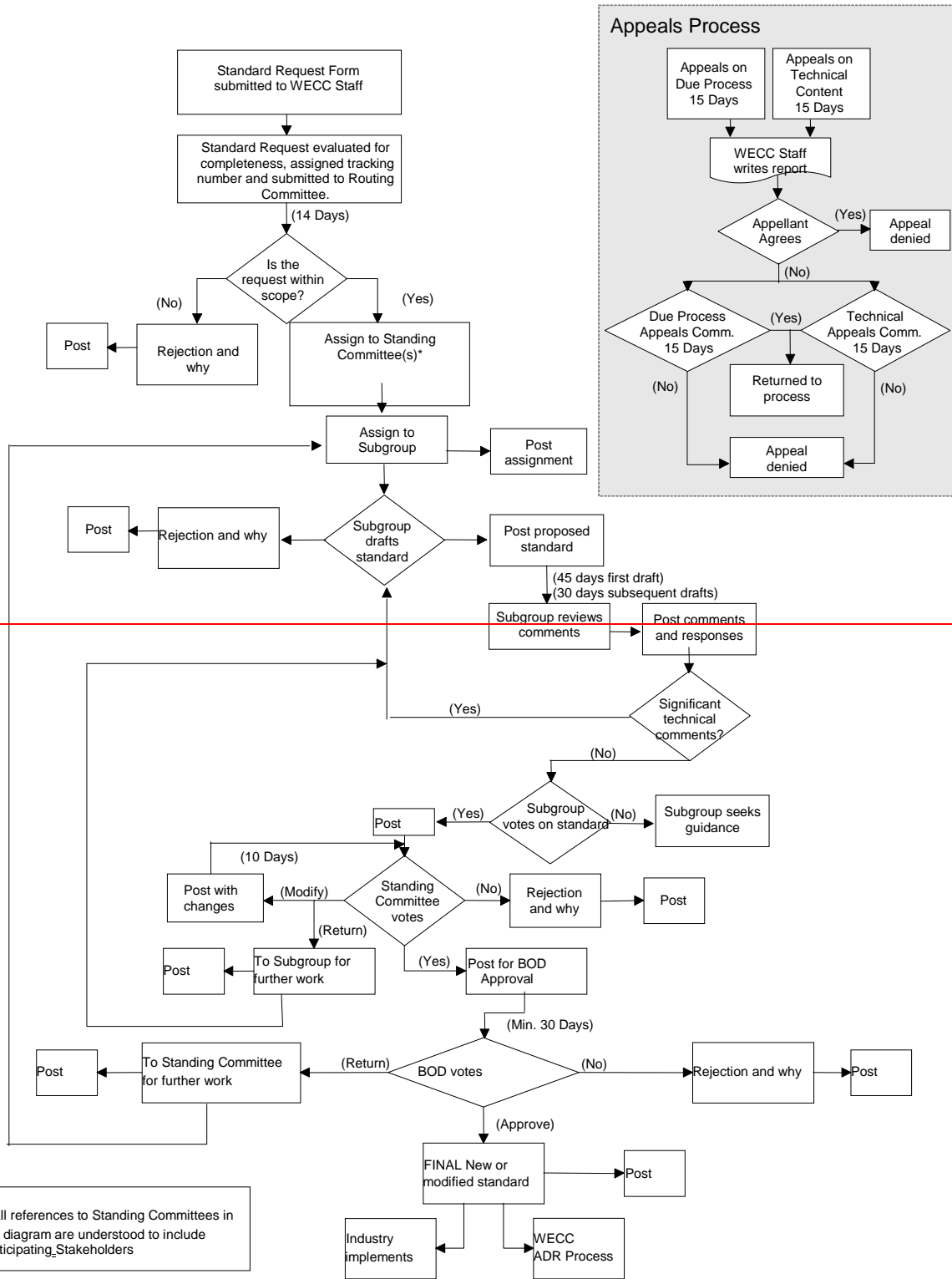
(ii) The Board may be unable to find that the Draft Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system. In this case, the Board has the authority to direct that the Draft Standard and the complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Regulatory Authority, with a recommendation that the Draft Standard not be made effective.

WECC shall on or before January 31st of each year file a report with the FERC on the status and timetable for addressing each outstanding directive to address a specific matter received from FERC.

Approved by the WECC Board ~~[Month, Day]~~ 2008

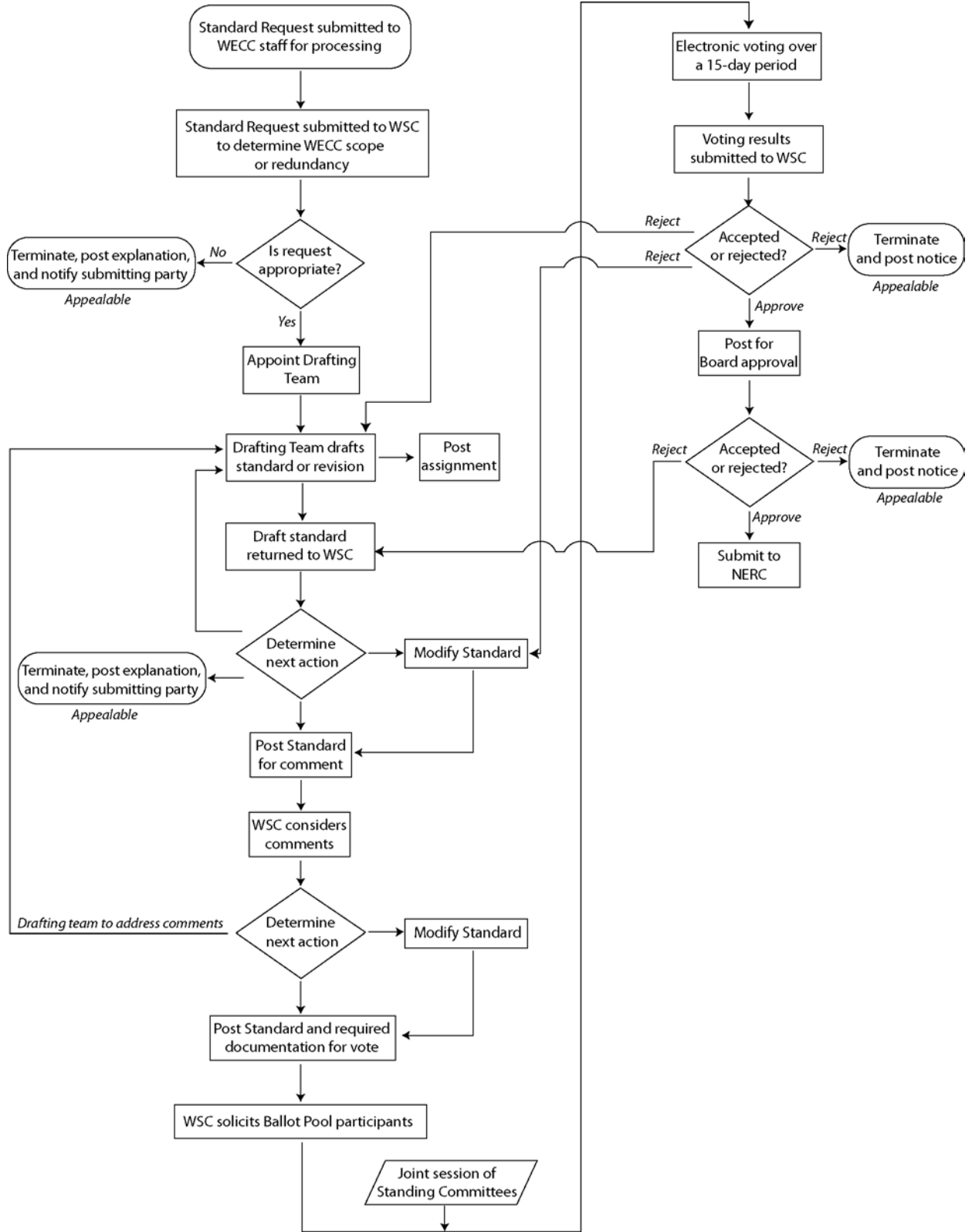
June 22, 2011.

Process for Developing and Approving WECC Standards



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## STANDARDS DRAFTING PROCEDURES FLOWCHART



## Spare Equipment Database

### Action

Endorse the [Special Report: Spare Equipment Database System](#) and the implementation of the Spare Equipment Database (SED) program in the first quarter of 2012.

### Summary and Background

The Special Report: *Spare Equipment Database System* provides a platform for the re-development of a voluntary industry-wide SED, initially focused on providing an inventory of critical transmission and generator step-up (GSU) transformer spares managed by North American bulk electric system Transmission and Generation Owners. The SED was initiated as part of the ESCC's Critical Infrastructure Protection Roadmap<sup>1</sup> and is a function of NERC's Technical Committee's Critical Infrastructure Strategic Initiatives Coordinated Action Plan.<sup>2</sup> The report was developed through an industry-wide group, the SED Task Force reporting to the Planning Committee. The report was endorsed by the NERC Planning, Operating and Critical Infrastructure Protection Committees in September 2011.

As described in the Report, SED will be based on five principles:

- SED participation will be voluntary for all NERC registered Transmission Owners (TOs) and Generator Owners (GOs), whether or not they have available spare equipment.
- SED's content will be long-lead time transformer spares for transmission and GSU transformers. Collected data for each spare will be limited to essential equipment characteristics and contact information.
- SED's timeline has been accelerated with a start date in the first quarter of 2012.
- SED will be operated as a confidential and secure database. All SED participants will be required to sign a confidentiality agreement that outlines their responsibilities.
- SED use and release will be automated and monitored to facilitate timely communications between those who need long-lead time equipment damaged by High Impact, Low Frequency (HILF) events and those equipment owners who may be able to share existing spare equipment.

This database is not meant to replace or supersede any existing transformer sharing agreements, or other neighboring, or regional utility arrangements. The SED is primarily a tool that will be populated and managed by NERC and participating organizations to facilitate timely communications. Further, the SED will aid the assessment of HILF scenarios. Participating organizations will follow defined guidelines, outlined in a signed confidentiality agreement, to identify the spare equipment included in the database.

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<sup>1</sup> [http://www.nerc.com/docs/escsc/ESCC\\_Critical\\_Infrastructure\\_Strategic\\_Roadmap.pdf](http://www.nerc.com/docs/escsc/ESCC_Critical_Infrastructure_Strategic_Roadmap.pdf)

<sup>2</sup> [http://www.nerc.com/docs/ciscap/Critical\\_Infrastructure\\_Strategic\\_Initiatives\\_Coordinated\\_Action\\_Plan\\_BOT\\_Apprd\\_11-2010.pdf](http://www.nerc.com/docs/ciscap/Critical_Infrastructure_Strategic_Initiatives_Coordinated_Action_Plan_BOT_Apprd_11-2010.pdf)

## Bulk Electric System (BES) Definition Project

### Action

Review

### Project Scope

The Commission has established a filing deadline of January 25, 2012 for all portions of the project which include the definition of BES so that it encompasses all elements and facilities necessary for the reliable operation and planning of the interconnected bulk power system and additional directives including the retention of the radial exclusion, the elimination of regional discretion which exists in the current definition and the development of a process for identifying any elements or facilities that should be excluded from the BES.

This project includes several work products which have been developed in parallel to meet the January 25 deadline:

- A revised *Bulk Electric System definition* developed by the [Project 2010-17 Definition of Bulk Electric System](#) standards drafting team (SDT) (Project 2010-17 SDT).
- A BES definition *Implementation Plan* also developed by the Project 2010-17 SDT.
- A new *Appendix 5C* to [NERC's Rules of Procedure](#) that addresses the *process for requesting BES exceptions*, drafted by NERC staff and an industry stakeholder team drawn from BES Standards Drafting Team nominees.
- An application form titled [Detailed Information to Support an Exception Request](#) which identifies potential forms of evidence that can be utilized to support the exception request. This form is referenced in the Rules of Procedure Exception Process and was developed by the Project 2010-17 Standard Drafting Team (SDT).

### Current Status

The proposed definition of BES and its implementation plan were posted for a 45-day concurrent posting (formal comment period and initial ballot) until October 10, 2011, as was the draft application form [Detailed Information to Support an Exception Request](#).

The initial ballot of the BES definition achieved a quorum of 92.97 percent and weighted ballot pool approval of 71.68 percent. The initial ballot of technical principles required to support a request for a BES exception achieved a quorum of 89.53 percent and a weighted ballot pool approval of 64.03 percent.

The definition includes a default threshold of 100 kV augmented by a list of five categories of facilities that are included in the BES and a list of four categories of facilities that are excluded from the BES. In addition, the drafting team has clarified what is meant by 'radial' and drafted a specific exclusion for local networks serving a distribution function. The definition was designed



to create a “bright line” definition of facilities to be included as part of the BES that can be consistently applied across North America.

The draft Rules of Procedure Exception Process is posted for comment through October 27, 2011. This is being processed following the NERC procedure for making a change to the Rules of Procedure (described in [Section 1400](#) of the NERC Rules of Procedure).

### **Standard Development Project Subdivided Into Two Phases**

During the initial posting of the draft BES definition for industry comment, the Project 2010-17 SDT received many suggestions that fall outside the narrow scope of the regulatory directives in FERC Order No. 743 (as clarified in Order No. 743-A). The following is a list of the areas of concern already identified by the SDT members and stakeholders through the standard development process:

- 100 kV bright-line voltage threshold
- Thresholds for generation resources
- Reliability benefit of a contiguous BES
- Points of demarcation between transmission, generation, and distribution
- Scope of equipment supporting reliable operation of the BES
- Relationship between BES definition and ERO Statement of Compliance Registry Criteria

The Project 2010-17 SDT and NERC staff believe these suggestions deserve serious consideration and fall within the scope of the current project. The SDT initially thought it could address a number of the above suggestions within a project schedule that would meet the Order No. 743 filing deadline of January 25, 2012. However, upon consideration of policy input and direction received from the Member Representatives Committee and the NERC Board of Trustees, the Project 2010-17 SDT quickly determined that developing an adequate technical justification for these additional revisions to the BES definition was highly unlikely in the time frame established by Order No. 743.

The SDT recognizes its obligation to fully respond to both FERC regulatory directives, address all stakeholder concerns, and produce a fully-supported technical justification for the proposed definition, while meeting regulatory expectations for a timely filing. After consideration of policy direction from the Member Representatives Committee and the NERC Board of Trustees and consultation with NERC staff, the SDT concluded that seeking a time extension at this time is not a viable alternative for three reasons:

- NERC has to demonstrate that it can work effectively, using its standard development process, to address tough reliability issues in a timely manner. A request for an extension may be perceived as a failure of NERC to work with stakeholders to solve complex reliability issues in a timely manner.

- If a request for an extension were requested, FERC is not under any obligation to respond within any specific timeframe, and may not respond before the documents must be submitted; the drafting team has to proceed without delay to meet the January 25, 2012 filing deadline.
- There is not sufficient technical information immediately available to support resolution of the issues raised by stakeholders and identified above. Developing that information will take time. To build a defensible case for adoption for some of the proposals, a significant effort is needed to collect information from stakeholders and then analyze that information and develop specific proposals. A firm technical foundation is essential to the success of any proposal that would change current practice. Before submitting a proposal to approve a new threshold for generator resources, for example, NERC must produce strong evidence that changing the threshold will not adversely impact reliability.

A link to the Reliability Standards Plan and history and files is included here for reference:

Definition BES:

[http://www.nerc.com/filez/standards/Project2010-17\\_BES.html](http://www.nerc.com/filez/standards/Project2010-17_BES.html)

Definition BES Rules of Procedure:

[http://www.nerc.com/filez/standards/Rules\\_of\\_Procedure-BES.html](http://www.nerc.com/filez/standards/Rules_of_Procedure-BES.html)

If trustees have questions or need additional information, they may contact Herb Schrayshuen at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net).

## **Status of Action Items from NERC Three-Year ERO Performance Assessment**

### **Action**

None.

### **Summary**

Below are summaries of some of the more significant developments in each NERC program area since the March 16, 2011 report to the board, "Progress in Implementing Specific NERC Actions from the Three-Year ERO Performance Assessment." NERC plans to produce a final, year-end report for presentation to the board at its February 2012 meeting.

### **Reliability Standards**

*Prioritizing Standards* — NERC is continuing to use the prioritization process for the 2012-2014 Reliability Standards Development Plan (RSDP). In 2011, the standards program revised its prioritization tool to allow for more discrete consideration of various criteria during the project prioritization effort. Projects in the 2012-2014 RSDP have been evaluated in terms of Reliability, Time Sensitivity, and Practicality. An initial review of cost considerations in relative terms has been examined as well, based on the subjective opinions of the members of the Standards Committee. Additionally, the projects have been included in a risk-based work plan, which takes into account industry resource availability (by limiting the number of projects active in any one subject matter area at the same time) and other logistical considerations. The proposed schedule of start dates for projects in 2012 through 2014 takes into account all of the foregoing considerations, and it is included in the RSDP being presented at the November 2011 meeting of the Board of Trustees.

*Engagement with Federal Energy Regulatory Commission (FERC or Commission) staff on U.S. filings* — In addition to meeting with staff of FERC's Office of Electric Reliability for pre-filing meetings, NERC representatives are also meeting with the staffs of various Commissioners regarding high profile filings.

*FERC Directives* — NERC processes directives pursuant to its Rules of Procedure. Specifically, when a regulatory order or rule is issued, that order or rule is reviewed and any directives therein related to standards development are added to the NERC Standards Issues Database. NERC then seeks to associate each directive with a specific standard. Standards and their associated regulatory directives are then prioritized for revision using the RSDP, as described above. Since NERC was certified as the Electric Reliability Organization (ERO), FERC has issued 44 orders containing approximately 655 directives related to NERC reliability standards. In 2011, NERC developed the "NERC Standards Report, Status and Timetable for Addressing Regulatory Directives," which will be filed annually with the Commission on or before March 31 of each year in accordance with Section 321.6 of the NERC Rules of Procedure (Rule 321) that was approved by FERC on March 17, 2011.

*Rapid Development Process* — The standards project on protection system misoperations used a "rapid development" process to initiate the project. This involved a small team tasked with developing the starting point for a full standard and associated Standard Authorization Request (SAR) in order to present the standards development process with a 90 percent completed solution as a starting point. In the case of the misoperations project, a small team of professionals was formed and provided detailed training and coaching on results-based standards and how the team fit within the process. The team was asked to develop the SAR and the first draft of the standard. This small team included a NERC attorney and a contract technical writer who helped draft requirements and language based on team discussions. All meetings of this team were held in NERC's Atlanta office. The team developed the SAR and standard and submitted them concurrently, after which a larger team was created to continue their work. That team was also given training and coaching on results-based standards and how the team fit within the process. At the time of writing, this project is still underway but somewhat behind schedule.

*Rapid Revision Process* — The Interpretation of MOD-028 R3.1 is in the process of using a "rapid revision" process to address a narrowly focused reliability standard deficiency. In this case, a stakeholder identified a case where a requirement seemed to indicate an obligation unintended by the drafting team. A small team made up of members of the original standard drafting team was assembled, and the team proposed modification to R3 to address the concern. The team submitted a SAR concurrent with the changes to the standard, and it is expected that the process will result in a revised standard that was modified using the normal standards development process, eliminating the need to follow-up with additional standard activity. At the time of writing, this project is still underway.

### **Organization Registration and Certification**

*Registration and Certification Training* — NERC has conducted a number of training webinars and workshops on the registration and certification process for Regional Entities and the industry, which were open to applicable governmental authorities. These training webinars are posted on the NERC website. A separate presentation that was focused solely on registration options, including Joint Registration Organization (JRO), Coordinated Functional Registration (CFR), and use of other duly executed legal agreements, was developed and presented to the industry via a webinar on September 9, 2011 and will be used in future compliance workshops at both the NERC and Regional Entity levels. NERC has also provided guidance to the industry and the Regional Entities regarding various registration options as it relates to delegation of reliability tasks in NERC Compliance Public Bulletin #2010-004 *Guidance for Entities that Delegate Reliability Tasks to a Third Party Entity*. NERC has also provided a webinar to the Regional Entities and the industry regarding how to complete a sample matrix of functional tasks and responsibilities related to a given registration.

*Threshold Criteria for Registration* — The processes and procedures for the Multi-Regional Registered Entity (MRRE) pilot program have been completed and the pilot program implemented. While processing selected entities through the pilot program, some

jurisdictional and enforcement issues were identified. NERC is continuing to work on the MRRE with the applicable Regional Entities.

### **Compliance Monitoring and Enforcement**

*Compliance Guidance* — NERC has been: 1) posting Compliance Application Notices (including draft documents), Compliance Analysis Reports and Case Notes on the NERC website, 2) providing email notifications for activity on the website for these communication vehicles, 3) conducting webinars and workshops for industry, and 4) discussing the use of these communication vehicles at quarterly meetings with industry trade organizations. In addition, in September 2011, NERC began posting public information on dismissals.

NERC posted a revised compliance audit report procedure and report templates to address several areas for improvement, including the requirement to list the specific evidence the audit team used in determining compliance. The audit report template is scheduled for another review during the fourth quarter of 2011. The Compliance Monitoring Process Working Group (CMPWG) plans to review and provide suggested improvements to the audit report template for the purpose of providing more useful examples and guidance to the registered entities.

*Compliance Enforcement Initiative* — NERC and the Regional Entities are employing a more comprehensive and integrated risk control strategy that differentiates and addresses compliance issues according to their significance to the reliability of the bulk power system (BPS). In addition, NERC and the Regional Entities are increasing the utilization of their inherent enforcement discretion in the implementation of compliance and enforcement activities.

This new initiative is not about whether Possible Violations should or will be addressed. In all cases and regardless of the filing format, such matters are expected to be found, fixed, tracked and reported to the Regional Entities, NERC and the Commission. Lesser risk issues that have been corrected will be presented as Remediated Issues in a Find, Fix, Track and Report (FFT) spreadsheet format that will be submitted to FERC in an informational filing on a monthly basis. More serious risk violations will be submitted in a new Spreadsheet Notice of Penalty (NOP) or Full NOP, as warranted. On September 30, 2011, NERC submitted a filing setting forth its compliance enforcement initiative and new reporting mechanisms and also submitted the first FFT informational filing and the first Spreadsheet NOP.

*Auditor Training* — NERC conducted two ERO auditor workshops, one in February 2011, with 88 percent of the Regional Entity auditors in attendance, and a second on September 20. Regional Entity audit staffs responsible for auditing compliance with both Order No. 693 standards and CIP standards attended the February 2011 workshop. NERC plans to continue this program going forward and has scheduled two more ERO auditor workshops for 2012. In 2011, NERC started developing an ERO Auditor Certification Program that will include elements for initial auditor training, continuous auditor training, and focused auditor training. Additionally, training is conducted twice a year for investigative personnel in the Regions. Additional information and compliance guidance is available to ERO personnel on the NERC website,

including Reliability Standard Audit Worksheets (RSAWs), Compliance Application Notices, Compliance Analysis Reports and Case Notes.

NERC began development in 2011 on two significant compliance personnel training initiatives: Auditor Training and Auditor Reference Guide for Compliance Application. Auditor Training is planned to include various media including classroom education, on-line materials and web-based training, and will create a hierarchy of auditor expertise levels, allowing auditors of the highest expertise to exercise enforcement discretion. The Auditor Reference Guide for Compliance Application is planned to provide both an on-line reference guide for how auditors are to assess compliance for each family of reliability standards, and a web-based training module for each family of reliability standards. These tools will provide one location for compliance application information and be updated as needed to include answers to current compliance application questions. As such, these will ultimately replace the RSAWs and the Compliance Application Notices.

*Improving RSAWs* — RSAWs are continuously prioritized and reviewed for updates and improvements as appropriate. Further refinements and the addition of more information in the RSAWs to facilitate compliance are planned in 2011 and 2012. Future enhancements include converting the RSAWs from MS Word documents into a database and then linking them to the reliability standards database. RSAWs are developed based on changes to the Actively Monitored Reliability Standards list (AML). The developments and revisions are performed as an ERO effort that includes input from the eight Regional Entities via the Compliance Monitoring Process Working Group (CMPWG).

*Audit Process Improvements* — Revisions to the post-audit questionnaires are on the agenda for the CMPWG the fourth quarter of 2011. Compliance Operations, specifically the Audit Assurance and Oversight (AAO) department, reviews its processes for enhancement including the addition of references to the U.S. Government Accountability Office (GAO) Standards. AAO has enhanced its audit observation process and is developing new processes for tracking Regional Entity implementation of the CMEP and Regional Delegation Agreements (RDAs). AAO developed a Risk-Based Compliance Monitoring approach for 2011 and has made substantial changes to address risk-based compliance monitoring in 2012.

In addition, the 2012 CMEP Implementation Plan includes a set of reliability standards that were selected based on the initiative to develop a risk-based approach for compliance monitoring. A substantial change to the 2011 risk-based compliance monitoring is the introduction of a three-tiered approach to compliance auditing. The implementation plan also requires Regional Entities to conduct a registered entity assessment, including an analysis of a registered entity's compliance history and internal compliance program, when determining the scope of compliance monitoring activities.

*Compliance Data Retention* — The Compliance Process Bulletin #2011-001 "*Data Retention Requirements*" posted on May 20, 2011 superseded the 2009-005: "*Current In-Force Document Data Retention requirements for Registered Entities.*"

## **Event Analysis and Information Exchange**

*Event Analysis Process Document* — The latest version of the process document is planned for review and endorsement by the NERC Operating and Planning Committees and approval by the NERC board in February 2012. The document includes specific analysis threshold criteria. Revisions to the Rules of Procedure with respect to Event Analysis also are planned for board approval in February 2012.

*Staffing* — The two open positions in Event Analysis and Investigations have been filled with one person having cause analysis expertise and the other with human performance expertise.

*Cause Analysis Training* — The newly developed cause analysis training program was delivered once in September and second class is scheduled to be delivered in the fourth quarter of 2011.

## **Reliability Assessment**

*Improve Granularity; Support Assumptions and Conclusions* — NERC has increased granularity on data and information collected towards operating areas, rather than Regional Entities. This has increased the visibility of resource assessments for operating areas, such as Independent System Operators/Regional Transmission Organizations that cross multiple regional entity boundaries. Also, developed more consistency throughout assessment reports whereby conclusions are supported by operating regional assessments

*Avoidance of Policy Positions* — NERC evaluates the impacts of policy, such as environmental regulations, but does not take policy positions on those policies.

*Scenario Assessments* — NERC will review in 2011 a high demand case, and use the NERC projects as a reference case for two 2010 Special Reliability Scenario Assessments: Resource Adequacy Assessment of Potential U.S. Environmental Regulations, and Potential Reliability Impacts of Swift Demand Growth after a Long-Term Recession.

## **Performance Analysis and Metrics**

*Risk Performance Analysis* — The Reliability Metrics Working Group (RMWG) will be submitting its first foundational report, titled “Risk to Reliability Performance” that will provide a consolidated view of risk measurements to NERC’s b in 2011.

*Integrated Reliability Metrics* — Reliability metrics webinars and meetings are ongoing in 2011 and endorsement by the Planning and Operating Committees will be requested in the first quarter of 2012.

## **Critical Infrastructure Protection**

*Critical Cyber Asset Identification* — NERC developed and delivered one industry webinar on September 1, 2011, presenting the Critical Cyber Asset Identification Guideline. An additional

webinar is scheduled for November 18, 2011, on “Implementing an Electronic Security Perimeter Where None Has Existed Before.”

*CIP Auditor Workshops* — NERC conducted four auditor workshops in 2011 that had CIP-specific components. The ERO Auditor workshops in February and September attracted a majority of CIP auditors, and included information pertinent to all ERO auditors, as well as breakout sessions with special emphasis on CIP compliance issues. In addition to the ERO Auditor workshops, the Critical Infrastructure Division (CID) also sponsored two workshops geared specifically for CIP auditors. The first CID-sponsored workshop was held on June 28 and the second CID-sponsored workshop was held on September 22-23. The CIP issues addressed during the workshops arose from recommendations from NERC staff as well as suggestions from Regional auditors, and included topics such as case studies, audit consistency, interviewing skills, writing data requests, and audit report writing skills.

*FERC Order No. 706 Directives* — The Drafting Team has completed its work to address all remaining identified directives in FERC Order No. 706 and the order accepting the “ports and services” interpretation to CIP-006. The standards are undergoing NERC Quality Review (QR) during October 2011. Drafting Team responses to the NERC QR comments should be completed by the end of October, and followed by posting in early November. The current schedule anticipates: industry ballot approval by June 2012; NERC board approval in August 2012; and filing with FERC and other applicable governmental authorities in September 2012.

*TFE Procedure and Reporting* — NERC finalized the TFE procedure, which the NERC board and FERC approved as Appendix 4D to the NERC Rules of Procedure. The current version of Appendix 4D took effect on April 12, 2011, and has guided the day-to-day administration of the ERO’s TFE program, as well as tracking and reporting of TFE data. The first TFE report to FERC covered the period from January 1, 2010, to June 30, 2011, and was filed with FERC on September 28, 2011. The TFE Managers, which include representatives from all eight Regions and the NERC TFE Program Manager, will convene a “TFE Summit” with FERC representatives by December 2011 to discuss the annual report and to propose revisions to the TFE program to ease the burden on Responsible Entities and the Regions.

*CIP Standards Interpretations* — As requested by the Standards Committee, a standing CIP Interpretation Drafting Team (IDT) has been established to address all CIP-related interpretation requests.

*CIP Alerts and Information Sharing* — In Q1 2011, NERC reviewed the ES-ISAC and identified key areas for improvement. As a result of the review, NERC has implemented several changes to the ES-ISAC, including: hiring personnel to staff the ES-ISAC; deploying an upgraded ES-ISAC website, which contains announcements on threats and vulnerabilities; a calendar to display upcoming meetings and events; links to external security sites; an updated library with reports and public Alert information; and streamlining the NERC Alert process development to shorten the time needed to publish alerts and to ensure key stakeholders—such as Hydra, industry trade organizations, and technical committees—are included in the development process. In



addition, the ES-ISAC issued seven alerts in 2011 and worked with registered entities to track progress in mitigating the Aurora vulnerability.

Contributing to the Alert process, the Hydra group continues to evolve and grow. Hydra was integrated into the NERC Alert development process and has successfully provided critical and timely feedback to NERC. Hydra's involvement was highlighted during the development of several recent NERC Alerts including the "Telephony-enabled Weakness" alert. Hydra will have a collaboration tool in the newly-designed ES-ISAC portal and will continue to evolve and be augmented by specific external subject matter experts as necessary.

### **Situation Awareness**

*SAFNR Version 2* —NERC expects to have live streaming of information from four to six Reliability Coordinators by the end of October 2011.

### **Training, Education, and Personnel Certification**

*Advanced System Operator Credential* — The NERC Personnel Certification Governance Committee (PCGC) issued a white paper for industry comment on this concept, which included additional testing requirements, simulation testing, and specific number of years experience to qualify for the advanced credential. Industry comments indicated no benefit to creating an advanced credential that would be offered on a voluntary basis. As a result, the PCGC halted the project. This was reported to the NERC board and no further work on this concept is expected at this time.

*Broaden Operator Certification Program* – The PCGC had been working on broadening the renewal process so that certified system operators will be required to take a certain number of task (job)-related courses as part of their renewal requirements. The PCGC has tabled this topic to allow the industry to implement the new PER-005 requirements. This concept may be readdressed in the future.

*Improve the System for Tracking Continuing Education Hours* – NERC continues to identify improvements to the database. The latest round of changes to improve functionality were tested and implemented in September 2011.

*Offer More Targeted and Timely Education Programs* – Training resources were added to the training group to provide training expertise to support improved educational programs. NERC hired a new Training Director and a Training Manager in June, and a technical training specialist in August 2011. With the additional training leadership, the ERO Training and Education Group will gain new momentum in identifying educational topics that most benefit the industry. In addition, NERC is working with the Operating Committee's Personnel Subcommittee to develop guidance on the elements of strong training programs.

*"Open Source" System for Providing Information* — NERC researched the use and benefits of using "open source" collaborative systems for providing information to the industry. The use of tools such as blogs and wiki's has merit, but also drawbacks, such as inappropriate use of

implied guidance from NERC. Because of the resources and attention needed to adequately monitor and control such platforms, no additional action is planned.

*Requirements for Training Programs and Providers* – NERC is working with the personnel subcommittee to develop guidance on the elements of strong training programs.

### **Finance and Controls**

*Multi-year Business Plans and Budgets* — As part of the 2012 Business Plans and Budgets, NERC and the Regional Entities included information with respect to 2012-2014 projected resource requirements to meet the Strategic Goals and associated objectives.

*Long-Term Strategic Goals* — NERC has been working and will continue to work with the Regional Entities to develop long-term strategic goals, objectives, assumptions and financial forecasts and utilize and include this information in the annual business planning and budgeting process and documentation. This effort will be undertaken each year as part of the business planning and budgeting process.

*Uniform Budgeting Tool* — Common templates have been developed and are used by NERC and the Regional Entities for budget preparation and presentation. Beyond the development and use of common templates, NERC and the Regional Entities have been developing 3-year forecasts for use in each annual business planning and budgeting cycle. This information was included in NERC and the Regional Entities' proposed 2012 Business Plans and Budgets and will continue to be refined and utilized in connection with the preparation of each annual business plan and budget.

**Update on Regulatory Matters  
(As of October 5, 2011)**

**Action**  
None

**Regulatory Matters in Canada**

1. Negotiation of the second agreement among NERC, the Régie and NPCC regarding implementation of mandatory standards in Québec has been tentatively concluded and the agreement is under consideration by the provincial government. The Régie has issued a preliminary decision regarding adoption of mandatory standards for Québec.
2. NERC Reliability Standards adopted as mandatory July 2011 in Nova Scotia.
3. Adoption of NERC Reliability Standards ongoing in Alberta.
4. Implementing regulations being developed in Manitoba.
5. Implementing regulations being developed in British Columbia.

**FERC Orders Issued Since the Last Update**

1. July 13, 2011 – Order Nos. 748-A and 749-A – Order on Clarification in which the Commission granted NERC's request for clarification of certain aspects of Order No. 748 including: (1) the proper effective date language for Reliability Standard IRO-004-2; (2) the correct version identification for the approval of EOP-001 intended by the Commission; and (3) the proper effective date for Reliability Standard EOP-001-2. The Commission also granted NERC's request for clarification of Order No. 749 with respect to the version EOP-001 the Commission intended to approve and its effective date.  
*Docket Nos. RM10-15-001 and RM10-16-001*
2. July 20, 2011 – Commission found there is insufficient consensus for the five families of smart grid interoperability standards under consideration and declined to institute a rulemaking proceeding with respect to these standards and terminated this docket.  
*Docket No. RM11-2-000*
3. July 21, 2011 – Commission denied Nebraska Public Power District's and Southwest Power Pool Regional Entity's requests to permit transfer of the Nebraska Entities' compliance registrations from Midwest Reliability Organization to Southwest Power Pool Regional Entity. *Docket Nos. RR11-1-000, RR11-1-001*
4. July 29, 2011 – Order on Notices of Penalty – June 29, 2011 Notices of Penalty –The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP11-201-000* Lane Electric Cooperative Inc.; *NP11-202-000* High Desert Power Project, LLC; *NP11-203-000* City of Loveland, Colorado; *NP11-204-000* Unidentified Registered Entity; *NP11-205-000* Unidentified

Registered Entity; *NP11-206-000* Unidentified Registered Entity; *NP11-207-000* Troy Energy, LLC; *NP11-208-000* Black Hills/Colorado Electric Utility Co.; *NP11-209-000* Blachly-Lane Electric Cooperative; *NP11-210-000* Indianapolis Power & Light Co.; *NP11-211-000* Unidentified Registered Entity; *NP11-212-000* Unidentified Registered Entity; *NP11-213-000* Unidentified Registered Entity; *NP11-214-000* T.E.S. Filer City Station, LP; *NP11-215-000* Boise-Kuna Irrigation District; *NP11-216-000* Merced Irrigation District; *NP11-217-000* High Trail Wind Farm, LLC; *NP11-218-000* Unidentified Registered Entity; *NP11-219-000* City of Batavia Municipal Electric ; *NP11-220-000* Elwood Energy, LLC; *NP11-221-000* Columbia Rural Electric Assoc.; *NP11-222-000* Luminant Energy Co.; *NP11-223-000* Unidentified Registered Entity; *NP11-224-000* Alcoa Power Generating Inc.; *NP11-225-000* Unidentified Registered Entity; *NP11-226-000* Unidentified Registered Entity; *NP11-227-000* Springfield Utility Board and *NP11-228-000* Administrative Citation NOP.

5. August 2, 2011 – Order Approving Reliability Standard CIP-001-2a Sabotage Reporting with a Regional Variance for Texas Reliability Entity, Inc. *Docket No. RD11-6-000*
6. August 22, 2011 – Notice of FERC Audit of NERC – The Division of Audits in the Office of Enforcement of FERC commenced an audit of NERC. *Docket No. FA11-21-000*
7. August 25, 2011 – Letter Order Approving NERC's December 1, 2010 Standards Process Manual Filing in compliance with FERC's September 2010 Order. *Docket No RR10-12-001*
8. August 29, 2011 – Order on Notices of Penalty – July 28 and July 29, 2011 Notices of Penalty – The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP11-229-000* Unidentified Registered Entity; *NP11-230-000* Unidentified Registered Entity; *NP11-231-000* Ripon Cogeneration LLC; *NP11-232-000* The Detroit Edison Company; *NP11-233-000* Unidentified Registered Entity; *NP11-234-000* Unidentified Registered Entity; *NP11-235-000* New Covert Generating Company, LLC; *NP11-236-000* Scurry County Wind LP; *NP11-237-000* Unidentified Registered Entity; *NP11-239-000* Public Utility District No. 1 of Snohomish County; *NP11-240-000* Public Service Company of New Mexico; *NP11-241-000* Dynegy Inc.; *NP11-242-000* Panoche Energy Center LLC; *NP11-243-000* Unidentified Registered Entity; *NP11-244-000* NextEra Energy Resources, LLC; *NP11-245-000* Exelon Generation Co., LLC; *NP11-246-000* Scrubgrass Generating Company, LP; *NP11-247-000* Unidentified Registered Entity; *NP11-248-000* Unidentified Registered Entity; *NP11-249-000* Unidentified Registered Entity; *NP11-250-000* Unidentified Registered Entity; *NP11-251-000* Unidentified Registered Entity; *NP11-252-000* Arizona Electric Power Cooperative, Inc.; *NP11-253-000* Administrative Citation Notice of Penalty.
9. August 29, 2011 – The Commission issued an order initiating a review of the July 28, 2011 Notice of Penalty for Southwestern Power Administration and established a filing deadline for any answers, interventions or comments. *Docket No. NP11-238-000*

10. August 29, 2011 – The Commission approves the Stipulation and Consent Agreement between the Office of Enforcement, NERC, and Grand River Dam Authority. *Docket No. IN11-7-000*
11. September 9, 2011 – The Commission issued an Order stating that it would not further review, on its own motion, the following Notice of Penalty regarding an Unidentified Registered Entity. *Docket No. NP11-184-000*
12. September 9, 2011 – The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP11-254-000* Rochester Public Utilities; *NP11-255-000* AES Deepwater, Inc.; *NP11-256-000* Progress Energy Florida; *NP11-257-000* Optim Energy Marketing, LLC; *NP11-258-000* Iberdrola Renewables and *NP11-259-000* Western Electricity Coordinating Council.
13. September 15, 2011 – Notice of Proposed Rulemaking proposing to approve the Transmission Relay Loadability Standard PRC-023-2 and accompanying NERC Rules of Procedure modifications. *Docket No. RM11-16-000*
14. September 15, 2011 – Order No. 754 – Order Approving Interpretation of TPL-002-0 Requirement R1.3.10. *Docket No. RM10-6-000; Order No. 754*
15. September 15, 2011 – Notice of Proposed Rulemaking on Version 4 CIP Reliability Standards proposed to approve eight modified Critical Infrastructure Protection (CIP) Reliability Standards, CIP-002-4 through CIP-009-4. *Docket RM11-11-000*
16. September 15, 2011 – Order No. 733-B – Order Denying Reconsideration and Granting Clarification in Part and Denying Clarification in Part regarding the requests for clarification or reconsideration of Order No. 733-A, which addressed requests for rehearing and clarification of FERC's Final Rule on NERC Reliability Standard PRC-023-1 regarding "Relay Loadability." *Docket No. RM08-13-004*
17. September 15, 2011 – Order Approving Personnel Performance, Training, and Qualification Reliability Standard PER-003-1. *Docket No. RD11-7-000*
18. September 15, 2011 – Order No. 753 – Order Approving ERO Interpretation of Transmission Operations Reliability Standard TOP-001-1 Requirement R8. *Docket No. RM10-29-000; Order No. 753*
19. September 21, 2011 – A Technical Conference on Penalty Guidelines to discuss the impact of the guidelines on compliance and enforcement matters will be held on November 17, 2011. *Docket No. PL10-4-000*
20. September 26, 2011 – Order Approving Interpretations to PRC-004-1 and PRC-005-1. *Docket No. RD11-5-000*
21. September 26, 2011 – A Technical Conference on CIP-006-2 to explore the risks of leaving dial-up intelligent electronic devices that are part of the Bulk-Power System and that use non-routable protocols physically unprotected will be held on October 25, 2011. *Docket No. RD10-8-000*

22. September 30, 2011 – Order on Notices of Penalty – August 31, 2011 Notices of Penalty – The Commission issued an Order stating that it would not further review, on its own motion, the following Notices of Penalty in *Docket Nos. NP11-260-000* Louisiana Energy and Power Authority; *NP11-261-000* Unidentified Registered Entity; *NP11-262-000* Unidentified Registered Entity; *NP11-263-000* Unidentified Registered Entity; *NP11-264-000* Unidentified Registered Entity; *NP11-265-000* Cleco Corporation; and *NP11-266-000* Administrative Citation Notice of Penalty.

### **NERC Filings Since the Last Update**

1. July 13, 2011 - Comments in Support of the Supplemental Comments in the July 13, 2011 filing of the Trade Associations (Edison Electric Institute, the American Public Power Association, the National Rural Electric Cooperative Association, the Electric Power Supply Association, the Transmission Access Policy Study Group, and the Canadian Electricity Association) regarding the proposed interpretation of Reliability Standard TPL-002, Requirement R1.3.10. *Docket No. RM10-6-000*
2. July 15, 2011 - Supplemental Informational Filing regarding the June 29, 2011 Notice of Penalty for an Unidentified Registered Entity. *Docket No. NP11-213-000*
3. July 18, 2011 - Request for Clarification or, in the Alternative, Rehearing of the Order Denying Appeals of Compliance Registry Determinations of Milford Wind Corridor Phase I, LLC, and Cedar Creek Wind Energy. *Docket Nos. RC11-1-001 and RC11-2-001*
4. July 20, 2011 - Supplemental Filing for a Notice of Penalty regarding an Unidentified Registered Entity. *Docket No. NP11-206-000*
5. July 21, 2011 - Filing in Support of the June 20, 2011 compliance filing of the Western Electricity Coordinating Council in Response to Order Numbers 751 and 752 on Version One Regional Reliability Standards. *Docket No. RM11-11-000*
6. July 21, 2011 - Informational Filing in Response to Order 733-A on Rehearing, Clarification, and Request for an Extension of Time addressing certain aspects of the August 14, 2003 blackout investigation relative to operation of protective relays in response to stable power swings. *Docket No. RM08-13-000*
7. July 26, 2011 - Informational Report on NERC Standards Status and Timetable for Addressing Regulatory Directives received from applicable ERO governmental authorities. *Docket No. RR09-6-003*
8. July 28, 2011 – Notices of Penalty regarding the following entities in *Docket Nos. NP11-229-000* Unidentified Registered Entity; *NP11-230-000* Unidentified Registered Entity; *NP11-231-000* Ripon Cogeneration LLC; *NP11-232-000* The Detroit Edison Company; *NP11-233-000* Unidentified Registered Entity; *NP11-234-000* Unidentified Registered Entity; *NP11-235-000* New Covert Generating Company, LLC; *NP11-236-000* Scurry County Wind LP; *NP11-237-000* Unidentified Registered Entity; *NP11-239-000* Public Utility District No. 1 of Snohomish County; *NP11-240-000* Public Service Company of New Mexico; *NP11-241-000* Dynegy Inc.; *NP11-242-000* Panoche Energy Center LLC; *NP11-243-000* Unidentified Registered Entity; *NP11-244-000* NextEra Energy Resources, LLC;

NP11-245-000 Exelon Generation Co., LLC; NP11-246-000 Scrubgrass Generating Company, LP; NP11-247-000 Unidentified Registered Entity; NP11-248-000 Unidentified Registered Entity; NP11-249-000 Unidentified Registered Entity; NP11-250-000 Unidentified Registered Entity; NP11-251-000 Unidentified Registered Entity; and NP11-252-000 Arizona Electric Power Cooperative, Inc.

9. July 29, 2011 - Informational Report on Analysis of Standard Process Results for the Second Quarter 2011. *Docket Nos. RR06-1-000, RR09-7-000*
10. July 29, 2011 – Administrative Citation Notice of Penalty in NP11-253-000.
11. August 11, 2011 - Motion to Further Defer Action on Time Error Correction Reliability Standard. *Docket No. RM09-13-000*
12. August 11, 2011 – Notices of Penalty regarding the following entities in *Docket Nos. NP11-254-000* Rochester Public Utilities; *NP11-255-000* AES Deepwater, Inc.; *NP11-256-000* Progress Energy Florida; *NP11-257-000* Optim Energy Marketing, LLC; *NP11-258-000* Iberdrola Renewables and *NP11-259-000* Western Electricity Coordinating Council.
13. August 24, 2011 - Request of NERC for Acceptance of 2012 Business Plan and Budget and the 2012 Business Plans and Budget of Regional Entities and for Approval of Proposed Assessments to Fund Budgets. *Docket No. RR11-7-000*
14. August 31, 2011 - Second Quarter 2011 Compliance Filing in Response to Paragraph 629 of Order No. 693. *Docket No. RM06-16-000*
15. August 31, 2011 – Notices of Penalty regarding the following entities in *Docket Nos. NP11-260-000* Louisiana Energy and Power Authority; *NP11-261-000* Unidentified Registered Entity; *NP11-262-000* Unidentified Registered Entity; *NP11-263-000* Unidentified Registered Entity; *NP11-264-000* Unidentified Registered Entity; *NP11-265-000* Cleco Corporation; and *NP11-266-000* Administrative Citation Notice of Penalty.
16. September 6, 2011 – Supplemental Informational Filing regarding the August 31, 2011 Administrative Citation Notice of Penalty. *Docket No. NP11-266-000*
17. September 9, 2011 - Petition for Approval of Interpretations to Requirements to Requirements R1 and R3.2 of EOP-001-0 — Emergency Operations Planning (EOP-001-0). *Docket No. RM11- 32-000*
18. September 13, 2011 - NERC and WECC submit a joint motion for extension of time from September 14, 2011 to November 14, 2011 to allow NERC to submit a compliance filing in response to the Commission’s June 16, 2011 Order regarding the registration of Cedar Creek Wind Energy, LLC and Milford Wind Corridor Phase I, LLC. The Commission directed NERC to submit a compliance filing identifying the Reliability Standards and Requirements that will be applicable to Cedar Creek and Milford. *Docket Nos. RC11-1-000 and RC11-2-000*
19. September 19, 2011 Additional Comments in Support of the Notice of Penalty filed on July 28, 2011 regarding Southwestern Power Administration. *Docket No. NP11-238-000*

20. September 28, 2011 - First Annual Report on Wide-Area Analysis of Technical Feasibility Exceptions. *Docket No. RR10-1-000*
21. September 30, 2011 - Petition Requesting Approval of New Enforcement Mechanisms and Submittal of Initial Find Fix and Track (FFT) Informational Filing. *Docket No. RC11-6-000*
22. September 30, 2011 - Notices of Penalty regarding the following entities in *Docket Nos. NP11-267-000* Metropolitan Edison Company; *NP11-268-000* Electric Reliability Council of Texas, Inc.; *NP11-269-000* Unidentified Registered Entity; and *NP11-270* Spreadsheet Notice of Penalty.
23. October 3, 2011 - Motion to Intervene and Comments regarding the appeal of the City of Holland, Michigan Board of Public Works. *Docket No. RC11-5-000*

### **Anticipated NERC Filings**

1. October 14, 2011 – NERC will file a Petition for Approval of Revised Transmission Planning System Performance Requirements Reliability Standard and Seven Glossary Terms and for Retirement of Six Existing Reliability Standards for the TPL-001-2 standard.
2. November/December 2011 – NERC will submit proposed changes to the NERC Rules of Procedure.
3. November 21, 2011 – NERC must submit comments in response to the September 15, 2011 Transmission Relay Loadability Notice of Proposed Rulemaking. *Docket No. RM11-16-000*
4. November 21, 2011 – NERC must submit comments in response to the September 15, 2011 Version 4 Critical Infrastructure Protection Reliability Standards Notice of Proposed Rulemaking. *Docket No. RM11-11-000*
5. December 2011 – *Reliability Standards Development Plan: 2012-2014*. NERC is required, pursuant to Rule 310 of the NERC Rules of Procedure, to file an updated annual work plan for the development of Reliability Standards. *Docket Nos. RM05-25-000, RM05-17-000, RM06-16-000*.
6. December 31, 2011 – NERC must submit an informational filing regarding the restructured audit program of the Regional Entities. (see December 23, 2010) *Docket Nos. RR09-7-000 and RR10-11-000*
7. January 25, 2012 – NERC must submit a filing within one year of the January 25, 2011 effective date of the November 18, 2010 Order regarding the Revision to ERO Definition of the Bulk Electric System. NERC's filing will include a proposed change to the definition of "Bulk Electric System" and corresponding changes to the NERC Rules of Procedure. NERC, Order No. 743, *Docket No. RM09-18-000*
8. March 15, 2012 – NERC must submit an informational filing, six months from the issuance of the Order No. 754 which approved the interpretation of Requirement



R1.3.10 of TPL-002-0, to explain whether there is a further system protection issue that needs to be addressed and if so, what forum and process should be used to address that issue and what priority it should be accorded relative to the other reliability initiatives planned by NERC. *Docket No. RM10-6-000*

9. April to June 2012 (Second Quarter 2012) – NERC’s timeline to address all outstanding issues from Order No. 706 directives, anticipated that NERC will submit next version of CIP Standards to the NERC Board of Trustees. See NERC’s May 27, 2011 Response to Data Requests, Response 1 and the 2011-2013 Informational Filing on the Standards Development Plan. *Docket Nos. RM05-17-000, RM05-25-000, RM06-16-000 and RM11-11-000*
10. May 2012 – NERC must submit a revised BAL-003 Standard (See October 25, 2010 NERC Filing). *Docket No. RM06-16-011*
11. May 22, 2012 –NERC and WECC will submit a revised Standard that includes the Violation Severity Levels associated with each requirement of the revised BAL-004-WECC-1 Standard (See May 21, 2009 Order) (See November 22, 2010 NERC submittal). *Docket No. RM08-12-000*
12. May 31, 2012 – NERC’s true-up filing for the 2010 business plans and budgets.
13. July to September 2012 (Third Quarter 2012) – NERC’s timeline to address all outstanding issues from Order No. 706 directives, anticipated that NERC will file next version of CIP Standards at FERC. See NERC’s May 27, 2011 Response to Data Requests, Response 1 and the 2011-2013 Informational Filing on the Standards Development Plan. *Docket Nos. RM05-17-000, RM05-25-000, RM06-16-000 and RM11-11-000*
14. August 23, 2012 – NERC must address Order No. 693 Directives to consider if EMS application support personnel should be included in training Reliability Standard. *Docket No. RM09-25-000*
15. February 17, 2013 – NERC must comply with directives in Order No. 733 for filing the test and the results from a representative sample of utilities in each of the three Interconnections (see February 17, 2011 Order No. 733-A). *Docket No. RM08-13-001*

## **NERC Compliance and Certification Committee Report to the NERC Board of Directors**

### **Action**

None

### **Background**

This report provides a summary of the key activities of the Compliance and Certification Committee (CCC) and its associated subgroups in support of the NERC mission and goals and the CCC charter. These activities were performed after the last NERC Board of Trustees meeting in Vancouver, Canada.

### **CCC Meetings**

The CCC held its quarterly meeting on September 21-22, 2011 in Denver, Colorado. The previous CCC meeting minutes of the June meeting in Chicago are posted at

<http://www.nerc.com/filez/cccmin.html>.

### **NERC Stakeholder Effectiveness and Perception Survey Report**

The CCC conducted a recent NERC Stakeholder Effectiveness and Perception Survey. The survey gathered comments with respect to stakeholders' perceptions of NERC's policies, practices and effectiveness of the Compliance program, Registration program, and Certification program. The survey results are being evaluated by the CCC, and a report will be provided to the Board of Trustees for its February 2012 meeting.

### **Spot Check by CCC of NERC's Compliance Monitoring and Enforcement Program and Reliability Standards Applicable to NERC**

To fulfill its obligations to monitor NERC's compliance with the Rules of Procedure regarding the Compliance Monitoring and Enforcement Program and Reliability Standards applicable to NERC, the CCC will conduct spot checks of these two areas in 2011.

The spot check of the Reliability Standards applicable to NERC was conducted October 12-13 in Atlanta; the spot check of the Compliance Monitoring and Enforcement Program is scheduled for November 15-18 in Washington, D.C.

The CCC also participated in the NERC Audit Team training conducted in Atlanta by NERC staff.

### **NERC Standards Quality Reviews**

The CCC and its representatives continue to participate on a regular basis in quality reviews as set forth in the *Standard Processes Manual*.

### **NERC Risk Management and Internal Controls (RMIC) Initiative**

The CCC has been working with the Board of Trustees Finance and Audit Committee to structure an enterprise risk management and internal controls program. The CCC has reviewed the Board of Trustees proposal and given comments on how it believes the program will be most effective with respect to the RMIC committee and CCC interfaces.

### **CCC 2012 Work Plan**

The CCC is preparing its 2012 Work Plan. The plan will be developed in accordance with the activities that the CCC and the RMIC coordinate. The work plan will be submitted to the Board of Trustees for approval in February 2012.

### **NERC Compliance and Enforcement Initiative**

The CCC Chair provided comments to NERC with respect to its filing for the new Find, Fix and Track (FFT) compliance and enforcement filing.

### **Risk-Based Reliability Compliance Working Group (RBRCWG)**

The CCC provided NERC a deliverable with regard to structuring a risk-based compliance program.

Risk-Based Reliability Compliance (RBRC) is an approach to reliability compliance where the monitoring and enforcement efforts are proportional to the actual or potential risk or harm<sup>1</sup> to the reliability of the Bulk Electric System (BES). For compliance monitoring this means targeted audits focused on requirements that address significant actual or potential risk to the reliability of the BES. For enforcement this means a more efficient process that focuses necessary resources on violations<sup>2</sup> that result in actual or potential harm to the reliability of the BES and conversely focuses minimal resources on violations that result in minimal or no harm to the reliability of the BES.

### **Inconsistencies in Standards Task Force**

The CCC is working with NERC staff to resolve differences between the CAN and Standard Interpretation Processes.

### **NERC Trades Meeting**

The CCC Chair participated in the NERC Trade Association Update meeting in Washington, D.C. on October 4.

*W. Clay Smith*  
*NERC CCC Chair*

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<sup>1</sup> The Violation Risk Factors categorize the associated risk of non-compliance for specific reliability standard requirements. However, the actual or potential risk or harm to the reliability of the BES is a function of the specific facts and circumstances related to a specific violation.

<sup>2</sup> Includes violations discovered via any method, e.g., audits, self-reports, self-certifications, etc.

## Critical Infrastructure Protection Committee Report

### Action

None

### Background

This report provides a summary of the key activities of the Critical Infrastructure Protection Committee (CIPC) and its associated subgroups in support of the NERC mission and goals and the CIPC charter. The CIPC meeting minutes for the September 14-15, 2011 meeting are on the NERC website at <http://www.nerc.com/filez/cipmin.html>.

*CIPC Leadership Elections for 2012-2013.* At its September meeting the CIPC elected a new Chair and two Vice Chairs for the 2012-2013 term. The new Chair will be Charles Abell of Ameren Corporation, and the Vice Chairs will be Jim Brenton of ERCOT and Nathan Mitchell of the American Public Power Association (APPA). The CIPC Executive Committee will be elected at the December 2011 CIPC meeting.

*Critical Infrastructure Strategic Initiative – Coordinated Action Plan Activities.* The CIPC, Operating Committee (OC) and Planning Committee (PC) officers and NERC staff continue to direct and manage the coordinated action plan activities as they relate to the recently created task forces. The committee leadership accomplishes this work via conference calls and in-person meetings as needed.

*Classified Briefing for CIPC and Other Industry Participants.* The CIPC and NERC staff have confirmed a classified secret-level briefing for CIPC members and other industry participants scheduled for 9 a.m. in Atlanta on December 14, 2011. The location in Atlanta has not yet been confirmed. We will work with our government partners to encourage the provision of quality take-away information that can be shared with industry outside of a classified environment. The efforts by DHS and DOE in this area are very much appreciated and further the goal of increasing the value of the public-private partnership.

*CIPC Executive Committee Review of Draft NERC Alerts.* The CIPC Executive Committee has reviewed and provided feedback to NERC staff on CIP-related draft alerts. This industry stakeholder review provides NERC with beneficial and quick feedback on draft alerts before they are finalized and issued to industry. We remain ready to provide requested feedback to NERC staff as needed on future draft alerts.

*CIPC Continues to Provide a Venue for All Electricity Sub-Sector Entities to Discuss CIP Matters.* The CIPC meetings provide opportunity for significant and needed discussion on various critical infrastructure protection matters, including those related to the CIP standards, copper theft, recent NERC alerts, communications with government partners, and other physical, operational and cyber security areas of concern.

*CIPC Long-Term Strategic Plan.* The CIPC will begin work on developing a long-term strategic plan that will use similar plans from other standing committees as a guide/model. The CIPC Executive Committee will be meeting in Atlanta on November 9-10, 2011, to begin the development of the plan. The goal is to have such a plan before the CIPC for approval at its meeting scheduled for March 2012.

## CIPC Subgroup Highlights

The CIPC has five subgroups and highlights of their work assignments are shown below.

1. *Business Continuity Guideline Task Force (BCGTF)*. The updated Business Continuity Guideline was approved by the CIPC at its meeting on September 14-15, 2011. The BCGTF will be assigned new work or will be retired at the December 2011 CIPC meeting.
2. *Control Systems Security Working Group (CSSWG)*. The CSSWG is currently assigned the task of updating and combining nine CIPC control system-related guidelines into one or two electricity sub-sector-specific guidelines for industry use. Work on these guidelines has been delayed due to the CSSWG's need to focus on the Cyber Attack Task Force work that is also assigned.
3. *Cyber Attack Task Force (CATF)*. The CSSWG has also been assigned the work of the CATF under the Coordinated Action Plan mentioned above. Work on the CATF assignment is the top priority of the CSSWG and work is proceeding on schedule with delivery to the ESCC expected to be the first or second quarter of 2012. The CATF draft report is currently out for comment to the members of the PC, OC and CIPC.
4. *Protecting Sensitive Information Guideline Task Force (PSIGTF)*. The PSIGTF is currently assigned the task of updating the CIPC Protecting Sensitive Information Guideline to take into consideration recent developments and to make it more electricity sub-sector-specific. The PSIGTF is currently evaluating comments received from CIPC. After this is completed, the guideline will be posted for broad industry comment. After broad industry comments have been considered, a final version of the guideline will be submitted to CIPC for final approval by the end of 2011 or in early 2012.
5. *Substation Guideline Task Force (SGTF)*. The SGTF is currently assigned the task of updating the CIPC Physical Security Substation Guideline to take into consideration recent developments and to make it more electricity sub-sector-specific. Work is underway on this task force after a leadership change with a final revised guideline expected for CIPC approval by March 2012.
6. *Future working groups or task forces* will be created as needed to address other guidelines that need to be updated, to complete work related to the Coordinated Action Plan Report, and to provide support to new or ongoing standard development work as requested by the NERC Standards Committee. Working groups and task forces will be retired when their work assignments are completed.

## **Operating Committee Report**

### **Action**

None

### **Background**

This report provides a summary of the key activities of the Operating Committee (OC) and its associated subcommittees in support of the NERC or OC mission and corporate goals. All these activities support the NERC or OC mission and NERC corporate goals. The September 2011 OC meeting minutes are posted at [OC Meeting Minutes September 13-14, 2011](#).

### **Critical Infrastructure Strategic Initiatives: Coordinated Action Plan**

The OC was provided status reports from the Spare Equipment Database and the Geomagnetic Disturbance task forces. The committee endorsed the Spare Equipment Database report dated August 2011.

### **Event Analysis and Investigation Process**

The OC received two presentations of lessons learned; one from Dominion Virginia Power regarding tornado damage to the Surry Nuclear Power Station and the other from Associated Electric Cooperative, Inc. regarding a generator motoring event. A WECC representative also provided a brief summary of the Arizona/Southern California/Mexico load loss event. The effort to have such event-based presentations to share timely lessons learned at each OC meeting is a priority for the committee.

### **Transition of the Interchange Distribution Calculator (IDC)**

Frank Koza, PJM's reliability coordinator, presented an overview of the discussions taking place by the Eastern Interconnection reliability coordinators to transition the IDC, and perhaps related reliability applications, to the user community. Mr. Koza noted that the team is focusing on two business models (formation of an LLC and independent service agreements with the IDC vendor). NERC and the vendor are participating as needed to ensure a transparent and seamless transition of this important reliability tool.

### **North American SynchroPhasor Initiative**

Austin White, Oklahoma Gas and Electric (OGE), provided an in-depth review of its use of synchrophasor data. OGE uses phasor measurement data for situation awareness, disturbance/misoperation analysis, state estimator enhancement, system stability assessment, voltage recovery assessment, and wind farm integration/monitoring, and to proactively identify electric grid equipment problems.

### **OC Strategic Plan**

The OC spent several hours brainstorming and discussing its future strategic plan and the process for its development. The OC's intent is to have a draft of the strategic plan ready for committee approval at its December 2011 meeting, with BOT approval in first quarter 2012.

## **OC Subgroup Highlights**

The OC now has 13 subgroups, five of which jointly report to the Planning Committee (PC) and the OC.

### **Joint OC/PC Subgroups Highlights**

1. **Event Analysis Working Group (EAWG)** – The EAWG provided the OC a status report and expectations related to Phase Two of the Event Analysis Process Field Trial. Reporting entities submitted 107 lessons learned during the field trial and 17 of those lessons learned have been posted to the NERC website.
2. **Reliability Metrics Working Group (RMWG)** – The RMWG requested input from the OC regarding the RMWG’s responses to the comments received from the posting of the Integrated Reliability Index Concepts white paper.

### **Other Subgroup Highlights**

1. **Resources Subcommittee (RS)** – The RS and NERC staff continue to address issues related to implementation of the manual time error correction elimination field trial. NERC is meeting with the National Institute of Standards and Technology (Division of Time Control) to consider other facets related to the field trial.

In addition, the RS developed a list of frequency events that occurred in each Interconnection for use by the RMWG in its effort to develop a frequency response metric and for use by the Frequency Response standard drafting team.

**Personnel Certification Governance Committee Report**

**Action**

None

**New Concepts Being Considered**

The Personnel Certification Governance Committee (PCGC) has updated Section 600 of the Rules of Procedure. A separate program manual and user’s guide provides detailed instructions for requesting and maintaining certification, along with other program administrative information.

**Future Projects**

The committee does not expect to propose changes to the certification program that would require posting for comments.

The PCGC continues work on documentation of the credential establishment process and credential benchmarking. The PCGC continues to work on documenting the certification program budget process to assist in developing the PCGC budget.

**NERC Certification Examination Passing Rate**

Through September 30, 2011, a total of 603 exams were taken with a passing rate of 68.8 percent.

Year	# of Exams Taken	Number of Exams Passed	PASS Percent
2009	1008	652	64.7 %
2010	914	638	69.8 %
2011*	603	415	68.8 %

\* Through September 30, 2011

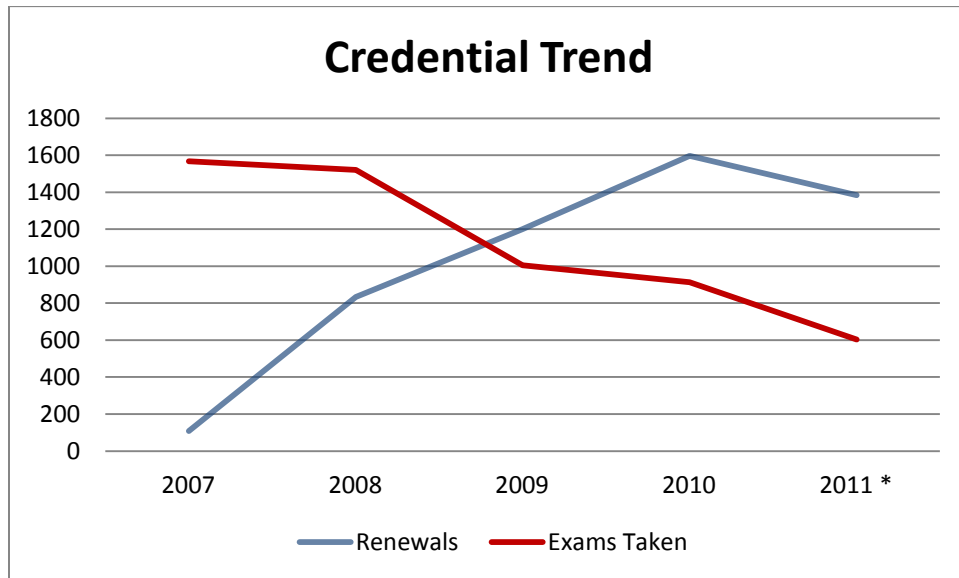
**Credential Maintenance**

The certification program began allowing operators to use Continuing Education Hours to maintain their credentials on October 1, 2006. The table below shows the number of new certificates issued annually declining and credentials maintained using Continuing Education Hours increasing.

Year	Credentials Renewed	New Certificates
2006	0	943
2007	109	729
2008	833	634
2009	1,200	621
2010	1,597	638
2011*	1,384	415
<b>Totals</b>	<b>5,123</b>	<b>3,980</b>

\* Through September 30, 2011





\* Through September 30, 2011

#### **Certified Operator Population**

The total number of certified system operators with active credentials is 6,088. The population has continued to increase slightly since 2009.

#### **Development of New Certification Exams**

The Examination Working Group (EWG) has prepared new certification exams for each of the four credentials. New exam release is scheduled for the First quarter of 2012.

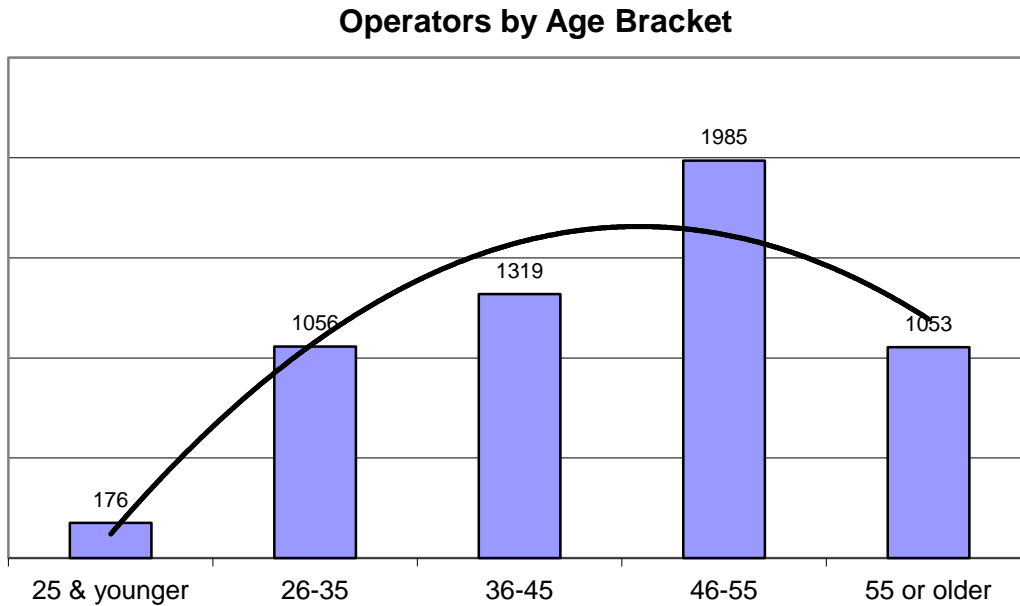
An announcement was in the NERC newsletter and exam resources are posted on the System Operator Certification site.

#### **System Operator Demographics**

Approximately 5,589 system operators have provided demographic information since data collection began in early 2009. This information combines system operators taking their initial exams with those who renewed their credentials through continuing education. Three full years are needed to survey the entire system operator population.

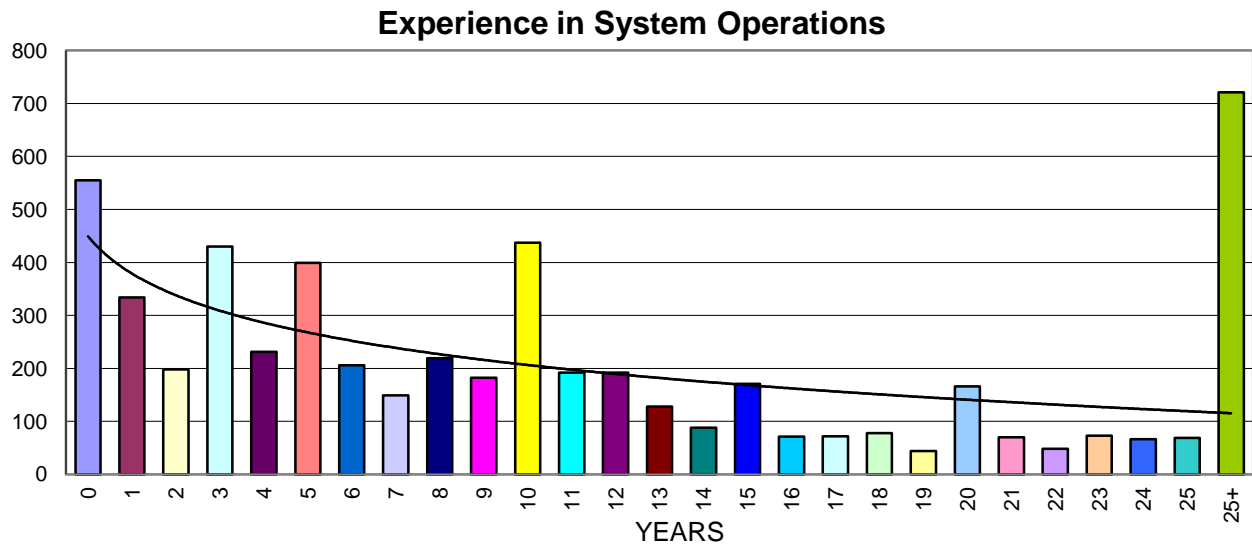
The following charts show current trends that are obtained from the demographics collected. Examples are included in Charts 1, 2, and 3, which provide preliminary metrics for average age of system operators, experience in system operations, and years in current position.

**Chart 1 – Operator Population Age**



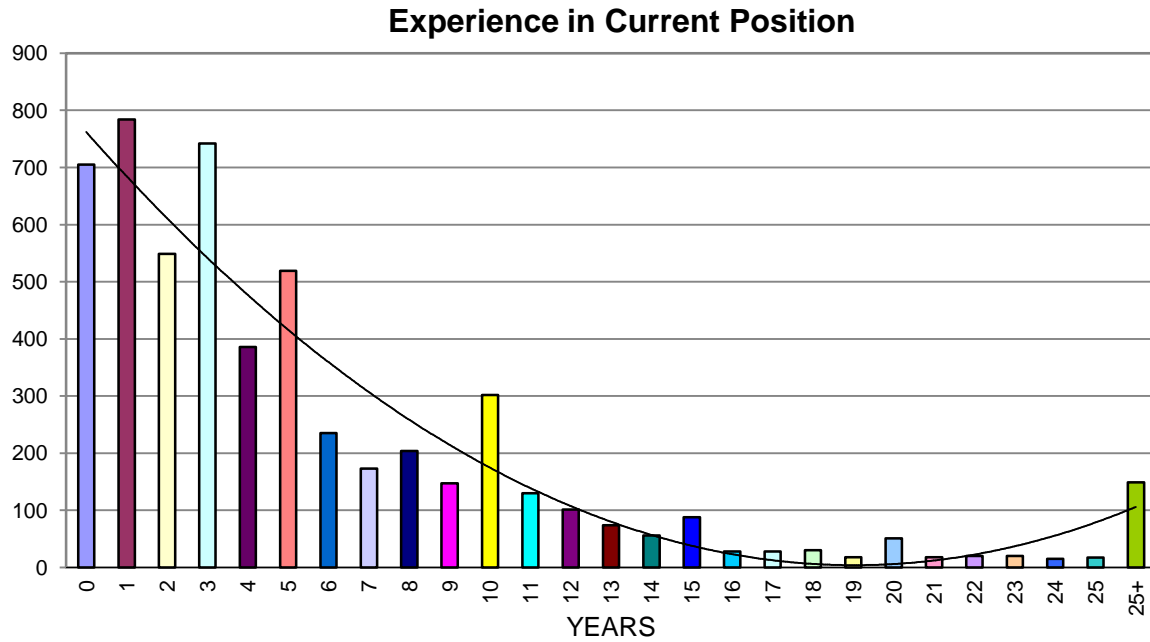
The largest age bracket for system operators is the 46-55 age bracket.  
Note: 54 percent of system operators are over 45 years old.

**Chart 2 – Experience in System Operations**



Approximately 60 percent of the certified system operators have 10 years or less experience in system operations. The average experience is nine years with seven years being the median.

**Chart 3 - Experience in Position**



This chart indicates that 66 percent of system operators have five years or less experience in their current position with 50 percent of the population having three years or less experience performing their current position.

## Planning Committee Status Report

### Action

None

### Background

The Planning Committee's (PC) September 2011 meeting was held in St. Louis, MO. The draft minutes are posted at [PC DRAFT Meeting Minutes Sept 2011](#). The following is a summary of the key activities from the meetings and an update on PC activities.

### PC Activities

1. **PC Strategic Plan:** The PC reviewed the actions called for in the approved Planning Committee Strategic Plan: Next Steps and Future Work Plan.<sup>1</sup> The plan disbands the following groups with the PC thanks and appreciation:

- Resource Issues Subcommittee
- Data Coordination Working Group
- Load Forecasting Working Group
- Loss-of-Load Expectation Working Group
- Reliability Fundamentals Working Group

The following subcommittees have a revised name, scope, and work plan:

- Transmission Issues Subcommittee is named the System Analysis and Modeling Subcommittee (SAMS)
- The Data Coordination Subcommittee and the Reliability Metrics Working Group were merged and named the Performance Analysis Subcommittee (PAS)

The following Task Forces are converted to Working Groups:

- Model Validation Task Force (Reporting to SAMS)
- Demand Response Data Task Force (Reporting to PAS)
- Generating Availability Data System Task Force (Reporting to PAS)

The following working groups now report to the PAS

- Transmission Availability Data System Working Group
- Events Analysis Working Group

Each of these subgroups will update their current scopes for consideration at the December 2011 meeting.

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<sup>1</sup>[http://www.nerc.com/docs/pc/PC\\_Strategic\\_Plan\\_Next%20Steps%20and%20Future%20Work%20Plan%207-27-2011.pdf](http://www.nerc.com/docs/pc/PC_Strategic_Plan_Next%20Steps%20and%20Future%20Work%20Plan%207-27-2011.pdf)

2. **Meeting Consolidation and Format:** Chair Mitchell reviewed the proposal of starting in 2012, PC to hold 3 meetings each year for 2 days (with ½ day for Joint Sessions) compared to 4 meetings for 1 day (with ½ day for Joint Session one time per year). Merging of the Technical Committees (OC and PC) was also discussed. PC members noted that there are benefits when common issues exist. Another suggestion is to hold the Joint meeting in the middle of the CIPC and OC/PC meetings. No decision was made on these alternatives
3. **NERC Alert Process:** The PC approved an Alert process, which calls for more coordination between Alert development and provision of expertise by the PC.
4. **Interconnection Modeling:** The PC discussed the different study requirements needed to develop a plan to improve models based on priority lists. Based on information received from the Model Validation Task Force (MVTF), recommendations can be then shared with the different interconnection-wide modeling groups (i.e., WECC, ERAG). While no definitive timelines have been set by the group, information from the MVTF is expected to be shared with the interconnection-wide modeling groups once Regional Executives have the opportunity to approve those recommendations.
5. **Consolidating Reports:** The PC decided to consolidate the analysis from ALR Metrics, IRI/SRI Metrics, TADS, GADS, DADS, Spare Equipment, Operations (Frequency), Security (CIP), and post-seasonal reliability assessments into the annual Performance Analysis Subcommittee (PAS) report on the risk to the bulk electric system reliability (See 2011 report).<sup>2</sup>

### Joint OC/PC Subgroups Highlights

1. **Reliability Metrics Working Group (RMWG):** The RMWG provided a draft 2011 Reliability Performance Report to the OC and PC for review in early June. Comments were requested by June 30. An integrated reliability index (IRI) to support risk informed decision making, support determining achievement of reliability goals, and assist in defining an adequate level of reliability is under development. PC feedback on the whitepaper and approval to post the whitepaper for comment was requested by September 30.
2. **Integration of Variable Generation Task Force (IVGTF):** The report, *Potential Bulk System Reliability Impacts from Distributed Resources*<sup>3</sup> was approved by the PC. Additional reports, per the work plan outlined in the Board Approved final report titled *Accommodating High Levels of Variable Generation*,<sup>4</sup> will be brought to the PC in 2012.
3. **Geomagnetic Disturbance Task Force (GMDTF):** The GMD TF is focusing on the primary concerns related to transformer vulnerability, and the appropriate wave front for characterizing a 100 year storm. Additional discussions on vetting the technical results and managing the policy input from some of the observers will require insights from the Standing Committees.
4. **Spare Equipment Database Task Force (SEDTF):** The final report, titled *Special Report: Spare Equipment Database System* was approved by the PC. This report was driven by

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<sup>2</sup> [http://www.nerc.com/files/2011RMWG\\_Annual\\_Report.pdf](http://www.nerc.com/files/2011RMWG_Annual_Report.pdf)

<sup>3</sup> [http://www.nerc.com/files/IVGTF\\_TF-1-8\\_Reliability-Impact-Distributed-Resources\\_Final-Draft\\_2011%20\(2\).pdf](http://www.nerc.com/files/IVGTF_TF-1-8_Reliability-Impact-Distributed-Resources_Final-Draft_2011%20(2).pdf)

<sup>4</sup> <http://www.nerc.com/files/Special%20Report%20-%20Accommodating%20High%20Levels%20of%20Variable%20Generation.pdf>

the Electricity Subsector Coordinating Council's roadmap,<sup>5</sup> and the Joint Steering Group Action Plan.<sup>6</sup>

5. **Event Analysis Working Group (EAWG):** The EAWG has published 17 lessons learned, with additional lessons learned to be released before the end of the year. The target completion date of the EA Process Document is October 1, 2011. Changes in the EA Process Document are expected to result in changes to the NERC Rules of Procedure, which the NERC Board of Trustees is expected to consider for approval in February 2012.

### Other Subgroup Highlights

1. **Reliability Assessment Subcommittee (RAS):** The RAS is developing their final results for the *2011 Long-Term Reliability Assessment*. The PC was requested to approve the *2010/2011 Post-Winter Reliability Assessment*.<sup>7</sup> A motion to approve the report was made by Ron Mazur and unanimously approved. The PC is requested to review and provide comment on:
  - *DRAFT Special Reliability Assessment: Gas / Electric Interdependencies – PHASE I*
  - *DRAFT Special Reliability Assessment: Gas / Electric Interdependencies – PHASE II - Work Plan*
  - *DRAFT 2012 Special Reliability Assessment: Reliability Impacts of U.S. Environmental Regulations Scope*
2. **Transmission Issues Subcommittee:** The report, titled *Interconnection Criteria for Frequency Response Requirements – Determination of Interconnection Frequency Response Obligations (IFRO)*<sup>8</sup> was approved by the PC. The criteria are expected to provide input into the BAL-003 Standards Drafting Team, although the drafting team has already selected different criteria.
3. **System Protection and Control Subcommittee (SPCS):** Comments on the report, titled *Technical Reference Document, Use of Circuit Breaker Position Indication in Breaker Failure Protection*,<sup>9</sup> was requested, and the final report will be brought to the PC in December.

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<sup>5</sup> [http://www.nerc.com/docs/escsc/ESCC\\_Critical\\_Infrastructure\\_Strategic\\_Roadmap.pdf](http://www.nerc.com/docs/escsc/ESCC_Critical_Infrastructure_Strategic_Roadmap.pdf)

<sup>6</sup> [http://www.nerc.com/docs/ciscap/Critical\\_Infrastructure\\_Strategic\\_Initiatives\\_Coordinated\\_Action\\_Plan\\_BOT\\_Aprpr\\_11-2010.pdf](http://www.nerc.com/docs/ciscap/Critical_Infrastructure_Strategic_Initiatives_Coordinated_Action_Plan_BOT_Aprpr_11-2010.pdf)

<sup>7</sup> [http://www.nerc.com/files/2010-2011\\_PWRA.pdf](http://www.nerc.com/files/2010-2011_PWRA.pdf)

<sup>8</sup> [http://www.nerc.com/docs/pc/tis/Agenda\\_Item\\_5.d\\_Draft\\_TIS\\_IFRO\\_Criteria%20Rev\\_Final.pdf](http://www.nerc.com/docs/pc/tis/Agenda_Item_5.d_Draft_TIS_IFRO_Criteria%20Rev_Final.pdf)

<sup>9</sup> [http://www.nerc.com/docs/pc/spctf/SPCS\\_Breaker%20Failure%20Design\\_Draft%20for%20PC%20Approval\\_20110819.pdf](http://www.nerc.com/docs/pc/spctf/SPCS_Breaker%20Failure%20Design_Draft%20for%20PC%20Approval_20110819.pdf)

## Standards Committee Report

### Action

None

### Background

This report highlights some of the key activities of the Standards Committee (SC) and its associated subcommittees in support of ERO Enterprise goals. The SC meets monthly and its meetings minutes are posted at <http://www.nerc.com/filez/scmin.html>.

### Process Efficiencies

The SC is closely monitoring two separate activities aimed at improving efficiency – one aims at improving efficiency of developing a new standard (Rapid Development) and one aims at improving efficiency of processing a focused revision to a standard as an alternative to developing an interpretation (Rapid Revision).

Under the Rapid Development process, a small group of content experts, armed with all the technical documentation needed to support development of a new or significantly revised standard, works with support of compliance personnel and either a lawyer or a technical writer to develop the initial draft of the proposed standard. The small team will work in a focused manner to develop the entire standard over a single multi-day period. In parallel, the SC will form a separate drafting team with more diverse industry representation. The SC will post the initial draft standard for stakeholder comment and assign the new drafting team to take over the refinement of the standard through successive postings and comment periods. As envisioned, a standard developed under the Rapid Development process could be completed (from the initial posting through the final recirculation ballot) in 12 months. The Rapid Development process is being tested with Project 2010-05.1 — Protection Systems: Phase 1 (Misoperations).

Under the Rapid Revision process, a small group of content experts, armed with a request for an interpretation, works to revise only the portion of the standard that needs clarification. The revised standard is then submitted to the SC for posting to collect stakeholder comments in parallel with an initial ballot. As envisioned, a minor revision to a standard that provides clarity sought through an interpretation could be completed (from the initial posting through the final recirculation ballot) in less than six months. The Rapid Revision process is being tested with Project 2011-INT-01 MOD-028-2 — Area Interchange Methodology.

### Roles and Responsibilities Document Updated

The Roles and Responsibilities document was originally issued by the SC to all drafting teams in 2009 to provide clarity on the roles of the SC, drafting teams, NERC staff, and FERC staff. While the SC made several edits to this document to bring the language into conformance with changes to the standards process that have been implemented since the document was

originally issued, the most significant revision was to add clarity to the role of NERC staff in submitting technical comments on proposed standards and interpretations.

During its November 2009 meeting the board directed the SC to ensure that the comments of NERC staff and other stakeholders are considered and reported to the board. While this direction was developed in response to differences of opinions offered on an interpretation following the balloting of that interpretation, the same approach is applicable to proposed standards. The intent was to ensure that the views of all interested parties were properly considered prior to completing the interpretation or standard. The SC revised the Roles and Responsibilities document to clarify that NERC staff may submit technical comments on proposed standards, and have those comments addressed by the drafting team, in the same manner as comments submitted by any other stakeholder. If the drafting team disagrees with those comments, the disagreement will be reported to the board as an unresolved minority issue in the same manner as other stakeholders' unresolved issues are reported to the board when a standard or interpretation is presented for board action.

### **Increased Stakeholder Outreach**

In support of the findings in the Three-year ERO Performance Assessment, the SC continues to seek opportunities to increase communications with stakeholders, particularly with smaller stakeholders who may not have the resources necessary to dedicate personnel to joining drafting teams or tracking standards development efforts.

- The SC held a "State of Standards" webinar in July that included over 700 participants.
- The SC is providing support to the second Standards and Compliance workshop this year. (October 26-28, 2011)
- The SC is working closely with the standards staff in developing a series of brief one or two page documents that provide quick facts on issues such as Rapid Development, the Bulk Electric System (BES) Definition, and the Reliability Standard Development Plan.
- The SC is also working with the standards staff to identify possible improvements to the standards website, with a goal of making information easier to find.
- The SC continued a program started in 2010 of meeting face-to-face with drafting team leadership to discuss issues and ideas with a goal of improving the standards development process. (October 11, 2011)

If members of the Board of Trustees have questions or need additional information, they may contact Herb Schrayshuen at [herb.schrayshuen@nerc.net](mailto:herb.schrayshuen@nerc.net) or Allen Mosher at [amosher@publicpower.org](mailto:amosher@publicpower.org).



## Electricity Sub-Sector Coordinating Council (ESCC) Report

### Action

None

### Background

This report summarizes key activities of the ESCC in support of the NERC mission and corporate goals related to critical infrastructure. The ESCC consists of a member from the NERC Board of Trustees, NERC's CEO, five CEO-level executives appointed by the Member Representatives Committee broadly representative of NERC member organizations, the chair of the NERC Critical Infrastructure Protection Committee (CIPC), and NERC's Chief Security Officer. The ESCC fosters and facilitates the development of policy-related initiatives to improve the reliability and resilience of the electricity sub-sector, including physical and cyber security. ESCC open meeting minutes are posted at: <http://www.nerc.com/filez/escc.html>.

### Summary of August 16, 2011 ESCC Closed Meeting

#### Monitoring Progress to Implement the Critical Infrastructure Strategic Roadmap

Progress regarding the work of the Task Forces established to implement the *Coordinated Action Plan* is a standing ESCC agenda item through 2011. The ESCC continues to provide guidance and support to the Joint Steering Group<sup>1</sup> (JSG) and task forces assigned under the NERC technical committees to implement these initiatives.

- Geomagnetic Disturbance Task Force
- Cyber Attack Task Force
- Spare Equipment Database Task Force
- Severe Impact Resilience Task Force

Task Force Chairs attended this in-person meeting to discuss in detail the status of their work and expected outcomes. The Chair of the Severe Impact Resilience Task Force was unable to attend and will provide an update at a future ESCC meeting. ESCC members expressed satisfaction with the extent of task force efforts to-date, and anticipate discussing how best to communicate the results of these efforts broadly across the industry as the task forces complete their work. Notably, the Spare Equipment Database Task Force has received approval of their final report by the NERC technical committees at their September meetings and will be seeking endorsement by the Board of Trustees at its November 3, 2011 meeting.

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<sup>1</sup> The Joint Steering Group (JSG) consists of senior NERC staff and the leadership of the Planning, Operating and Critical Infrastructure Protection technical committees.

The ESCC discussed the critical infrastructure initiatives underway by NERC and the electricity industry with senior officials from the U.S. Department of Energy (DOE) and Department of Homeland Security (DHS). Topics included:

- The ESCC's endorsement of the new *Roadmap to Achieve Energy Delivery Systems Cybersecurity*
- ESCC comments on DHS' draft National Risk Profile
- DHS reports: "Insider Threat to Utilities" and "Anonymous and Associated Hacker Groups"
- DHS' PS-PREP Framework Guide
- The need for a process to allocate security clearances across the industry

### **Summary of August 16, 2011 ESCC Open Meeting**

During the open portion of the meeting, Chair Gerry Cauley provided a brief summary of items discussed during the closed portion of the meeting. In addition, the ESCC was briefed on a number of other security-related matters:

- Recent NERC Industry Advisories
  - Telephony-Enabled Weakness
  - PLC Protocol Weakness
- NERC's Draft Crisis Plan
- NERC Grid Cyber Exercise, November 16-17, 2011
- NERC Security Summit, October 17-20, 2011
- DOE/NIST/NERC Risk Management Framework

Future ESCC conference calls and meetings are scheduled as follows:

- October 18, 2011 2:00-3:00 pm OPEN conference call
- November 15, 2011 2:00-4:00 pm CLOSED conference call
- Meetings have been scheduled through 2012



# REMG

## REGIONAL ENTITY MANAGEMENT GROUP

SARAH ROGERS – FRCC  
DAN SKAAR – MRO

ED SCHWERDT – NPCC  
TIM GALLAGHER – RFC

SCOTT HENRY – SERC  
STACY DOCHODA – SPP RE

NE LANFORD  
MARK MAHER – WECC

Date: October 14, 2011

Memo to: NERC Board of Trustees

From: Tim Gallagher, REMG Chair

Subject: Regional Entity Report for the November Board Meeting

The Regional Entities appreciate this opportunity to provide input to the NERC Board of Trustees. All of the Regional Entities take seriously our need to be as consistent as possible in discharging our delegated responsibilities. A key activity toward meeting this objective is our constant collaboration and interaction with each other and NERC. Below are summaries of recent activities of some of the key multi-Regional groups. We also have provided a statement from the Regional Entities regarding the Compliance Enforcement Initiative.

### Subgroup: **ERO-Compliance and Enforcement Management Group (ECEMG)**

The ECEMG's purpose is to provide operational and day-to-day policy guidance in the execution of the Regional Entity delegation agreements and the NERC Rules of Procedure, specifically as it pertains to executing the Compliance Monitoring and Enforcement Program (CMEP). The primary initiative of ECEMG is to obtain consistency and uniformity where appropriate, across the ERO enterprise (NERC and the Regional Entities), while ensuring efficient and effective use of resources in executing the statutory responsibilities of the ERO.

### **Status of current high priority work items:**

1. Compliance Enforcement Authority (CEA) Staff Training: Consistent, standardized, effective training for compliance staff continues to be a topic and area of discussion.
2. GO/GOP Registration Directive: A draft Directive has been prepared refining registration requirements for GO/GOP with TO/TOP facilities and functions. This directive is an interim document to provide some clarity and guidance while appropriate standards are revised. Solicit industry for review and comment, finalize, provide to the regions, and post on the NERC website.

We will continue to work with the NERC Standards Department and Standards Drafting Team as the project to revise the standards continues. The ultimate goal is that once all appropriate standards are revised this directive will be rescinded.

3. Risk Based Reliability Compliance Monitoring: The ECEMG has spent considerable time discussing and scoping the various aspects of this initiative. Several regions are already conducting entity risk assessments and working with entities as part of pilot programs.

## **Other Assignments from ERO EMG**

4. **Multi-Region Registered Entity (MRRE) Program:** This program will remain an informal process for now. Will encourage large entities to work with their Regional Entities to determine a lead for CMEP activities.

## **Future Work**

5. **Customized Self-Certification Forms:** This suggestion came from the ERO Enforcement focus group as part of the Compliance Enforcement Initiative. The use of ICP and internal controls to reduce requirements for Self-Cert will also be considered.

### **Subgroup: ERO-Reliability Assessments and Performance Analysis Group (ERO-RAPA)**

The ERO RAPA coordinates reliability assessment work across the Regional Entities. Current activities underway include tracking and trending of protective relay mis-operations, improved Interconnection modeling, training for TADS, GADS, and DADs, and feedback on the 'Cold-Snap' report.

### **Subgroup: CIP Compliance Working Group (CCWG)**

The CCWG coordinates Regional Entity efforts regarding the monitoring of NERC's CIP Standards. The group meets monthly via phone and quarterly via face-face meetings.

Latest Top Priorities include the following and were approved by the ECEMG on 10/6/11:

1. Develop a CCWG MOSS Site – SharePoint Collaboration Site
2. Develop a CIP Auditor Handbook consisting of Regional CIP Auditor Workbook and Regional CIP Knowledge Sharing topics
3. TFE Process development – Led by NERC and managed by regional TFE Administrators (CCWGT – subgroup of CCWG)
4. Regional Evidence & Data Handling Process Development – Ongoing
5. Support ERO Auditor and CIP Auditor workshops, as required

### **Subgroup: Enforcement Sanction Mitigation Working Group (ESMWG) –**

The ESMWG provides a forum for coordination of enforcement matters across the Regional Entities.

In 2011, the ESMWG focused on implementing solutions to streamline violation processing. In addition, the ESMWG focused on improving the CMEP. It provided recommendations to the ECEMG on all sections pertaining to Enforcement and Mitigation as well as the NERC Penalty Sanction Guidelines. Currently, the ESMWG is focusing on reliability risk assessments, FFT processing, dismissals, and CIP NOP processing. The ESMWG, as always, continues to focus on inter-regional collaboration pertaining to Enforcement and Mitigation topics.

### **Subgroup: Compliance Monitoring Process Working Group (CMPWG)**

The Compliance Monitoring Process Working (CMPWG) reports to the ECEMG and has the mission of developing and maintaining processes and procedures to provide consistency among the regions in performance of their delegated task of monitoring the registered entities. This group has oversight for the eight monitoring processes utilized by the regions.

Currently, the CMPWG has the following top projects assigned by the ECEMG:

- Update Compliance Auditor Manual
- Update Audit and Spot Check Report Templates

- Develop Audit Approaches for Operations & Planning Standards to be part of Auditor Manual

Some on-going priorities are:

- Explore avenues to share best practices among the regions and entities
- Identify areas where the conduct of an audit can be improved
- Work with other working groups on the development of projects

Some projects completed in 2011:

- Reviewed and Updated QRSAs for 2012
- Supported ERO Workshops
- Finalized Sampling Methodology and Criteria
- Created audit approaches for high profile standards
- Presented PRC-023 and MOD Audit Approach seminars

#### **Subgroup: Compliance Information Management Group (CIMG)**

The CIMG is working to revise the current Self-Report and Self-Certification reporting forms to incorporate the new Find, Fix, Track and Report (FFT) process. The CIMG has identified discrepancies in the Regional Self-Certification process (e.g. versions of standards required, schedules, notifications to the Registered Entities, Self-Certification reviews, and processing possible violations) and is working to align across all Regions. Formal recommendations will be submitted to the ECEMG.

The next focus for the CIMG is to document the process for synching data from Regional systems to NERC's Compliance Reporting, Analysis and Tracking System (CRATS). The goal is to document a consistent approach for submitting data from the Regions to NERC and a consistent approach to data sharing from NERC to the Regions. This will include the transmittal of documents from the Regions to NERC via a web service. Other tools and systems the Regions are utilizing to manage their data will be demonstrated and discussed among the Regions during future meetings.

The CIMG is looking to work in conjunction with the Certification and Registration Working Group (CRWG), Compliance Monitoring Processes Working Group (CMPWG), CIP Compliance Working Group (CCWG), and Enforcement, Sanctions, and Mitigation Working Group (ESMWG), to develop tools to manage data from processes identified from these working groups.

#### **NERC Compliance Enforcement Initiative**

All the Regional Entities are supportive of NERC's Compliance Enforcement Initiative and are committed to contributing to its success. We will continue to work with Registered Entities to focus resources on where they can have the greatest impact towards addressing risk and improving reliability. We stress, though, that while the first phase of the CEI is an excellent first step toward a more risk-based approach to our work, this is not the end of the journey. We look forward to the implementation of phases II and III of the CEI and to working with NERC staff and the industry on further advances toward our common goal in the future.

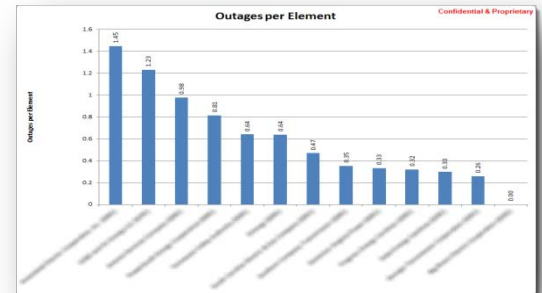
# Report to the NERC Board of Trustees

November 3, 2011

## New Desktop Metrics App for Forum Members

Forum members can now create their own custom benchmarking reports from the data they submit to NERC TADS. After downloading the latest set of webTracker data (our version of **NERC's webTADS**) into Microsoft Access, a Forum member can then choose which other Forum members it wants to compare itself with, select the metrics, decide among various built-in report algorithms, and create Excel graphs within a matter of minutes.

The Access database was developed by the Forum members themselves, and adding new reports and statistical analyses is very simple.



Example of a bar graph produced by Outage Metrics Database showing outages per transmission element for several Forum members. Other reports are available.

## Working with the NERC Staff

To keep the Forum's webTracker metrics database in synch with NERC TADS requires a close working relationship between our respective staffs (in this case, Chris Johnson of the Forum staff and **Jim Robinson** of NERC). And this is true with the other Forum programs as well. Our director of security, Karl Perman and **Mark Weatherford** have set up regular phone calls, and Don LeKang and **Mike Moon** and **Valerie Agnew** talk every couple of weeks.

**Roman Carter** sends the Forum staff draft alerts to review, and we provide a quick turnaround from our various practice groups. The most recent draft advisory on relay maintenance will also provide us with ideas for new Forum practices. We hope NERC will continue to ask the Forum for this kind of assistance. Not only does it provide NERC with a wide perspective and diversity of opinions, the Forum will also ensure the alert, once it's released, will receive wide distribution directly to the subject matter experts.

**Tom Galloway**, the Forum's new CEO, will help ensure our relationship with NERC remains effective.

## NERC Standards

All of our practice groups (see list at right) follow the progress of NERC's standards under development, as well as changes to NERC rules and definitions, such as the current efforts to define "bulk electric system." Forum members who serve on NERC standard drafting teams report at our groups' monthly Web meetings and annual workshops on the latest drafts and balloting schedules. This keeps our members apprised of the latest changes and provides the drafting team members with an opportunity to discuss the details of the standards with their colleagues every month.

We've been following FAC -003-2 very closely, and expect that it will have been approved in its recirculation ballot. Even though the new version will not be in place for several months, our Vegetation Management Practices Group will begin revising our practices early next year to align with the changes in the standard and help the Forum members implement the provisions of this new version.

### Forum Practice Groups

1. Compliance
2. Human Performance
3. Maintenance
4. Modeling
5. Operator Tools
6. Operator Training
7. Security
8. System Protection
9. Vegetation