

September 30, 2009

TO: NERC Stakeholders

RE: NERC Board of Trustees Process for Consideration of Interpretations of Standards

At its November 5, 2009 meeting, the NERC Board of Trustees will consider a number of requests for interpretations of NERC Reliability Standards. As a result of the discussion on standards interpretations at the August 2009 Board meeting, the board developed a process to consider requests for interpretations. I want to emphasize that this process does not change the currently approved manner in which stakeholders develop and ballot interpretations; rather, it describes how the Trustees will prepare themselves to act on interpretations arising from that process and brought to the Trustees for action. This letter describes that process and invites and encourages your participation.

As a policy matter, the Trustees want to focus on the reliability impact of an interpretation presented for approval, recognizing that our collective goal is to ensure an adequate level of reliability for the bulk power system. Therefore, we need to understand whether reliability will be better, worse, or at least equivalent if the standard is applied as interpreted. Fundamentally, each interpretation presented to the board for consideration should clearly articulate how reliability is impacted by the interpretation. Notwithstanding this goal, the board also acknowledges that an interpretation may from time to time result in a “less reliable” implementation of the standard because of a limitation in the wording of the standard itself. In this event, the Trustees expect to be fully briefed on how and when the limitations of the current standard will be remedied.

Given this background, the Board will use the following process to prepare itself to act on standards interpretations:

- The Trustees will solicit written input from all interested parties regarding interpretations to be considered at an upcoming Board meeting. The board expressly invites comments from NERC staff, the requestor, and the original standard drafting team (as appropriate) on each interpretation, its suitability to ensure an adequate level of reliability, any limitations of the existing standard regarding scope, drafting, or current understanding, and the path and timeline to address such limitations. This input will supplement the established records of development for the interpretations.

- In advance of the Board meeting in which the interpretation will be acted upon, the board will conduct a technical conference open to all stakeholders in which the board will have an opportunity to ask questions concerning the established records of development as well as the written materials submitted in order to make an informed judgment on the interpretations.

On November 5, 2009, the Board will consider the following interpretations (linked below) that have successfully concluded the stakeholder ballot process:

- [Project 2008-7 – EOP-002-2, Requirement R6.3 and R7.1 \(Brookfield Power\)](#)
- [Project 2008-18 – TOP-005-1 and IRO-005-1 \(Manitoba Hydro\)](#)
- [Project 2009-10 – PRC-005-1, Requirement R1 \(Compliance Monitoring Processes Working Group\)](#)
- [Project 2009-14 – TPL-002-0, Requirement R1.3.10 \(PacifiCorp\)](#)
- [Project 2009-15 – MOD-001-1, Requirements R2 and R8, and MOD-029-1, Requirements R5 and R6 \(New York Independent System Operator\)](#)
- [Project 2009-16 – CIP-007-1, Requirement R2 \(Western Electricity Coordinating Council\)](#)

In accordance with the process described above, the Trustees invite you to provide written input regarding these interpretations. Comments are to be submitted no later than October 21, 2009 and sent to courtney.camburn@nerc.net. Your input should focus on the reliability impact of the standard if implemented as interpreted, any limitations of the existing standard regarding scope, drafting, or current understanding, and the path and timeline to address such limitations. In addition, on November 4, 2009 at 11 am, the board will conduct a one-hour technical conference to discuss these interpretations and the comments received, with specific focus on those interpretations for which there are differing views.

We recognize the relatively short comment period but do not wish to further delay consideration of the balloted interpretations. To that end Project 2008-18 and Project 2009-10 should be given priority consideration. In the future additional time for comments will be provided.

Based on the written materials and the discussion at the technical conference, the Trustees will be in a position to act on the requested interpretations at its November 5, 2009 meeting, with options that include, but are not limited to the following:

- Vote to approve the interpretation noting that the standard as interpreted maintains or improves reliability;
- Vote to approve the interpretation and instruct the development of an industry advisory to address reliability concerns raised by the interpretation;
- Vote to approve the interpretation with instruction to use the standard development process and, if necessary, urgent action to address the limitations in the scope, drafting, or understanding of the present standard;
- Defer action until further information, technical or otherwise is provided;
- Vote to remand the interpretation if it does not appropriately interpret the standard as written.

I look forward to your support of this process and our continued commitment to ensuring NERC's Reliability Standards provide a level of reliability consistent with our obligations as the electric reliability organization.

Sincerely,

A handwritten signature in black ink that reads "Rick Sergel". The signature is written in a cursive style with a large, sweeping initial "R".

Rick Sergel
President and CEO