

NERC's Standards Process: Key Features for Industry Participants

This overview highlights some of the key features of the North American Electric Reliability Corporation's (NERC) enhanced standards process, which was approved by the Federal Energy Regulatory Commission (FERC) on September 3, 2010. This overview is provided for informational purposes only and does not revise, add to, or in any way impact the implementation of the FERC-approved standards process outlined in the Standard Processes Manual.¹

NERC's enhanced standards process maintains the open and inclusive nature of the previous process while improving efficiency and the quality of standards and interpretations. One of the significant changes is the method by which consensus is achieved – through parallel comment and ballot periods, which are conducted earlier in the process. This permits earlier consensus building, in contrast with the previous process, which only allowed determination of the degree of consensus at the end of the process. Under the previous process, if consensus was not achieved, the entire process restarted. Further, drafting teams now have the flexibility to modify the standard while it is under development and immediately re-ballot while they seek additional comments, without the separate formal comment period and pre-ballot review periods that were required by the previous process. Speeding up the feedback loop and allowing early input from industry experts are principle benefits of the change in process.

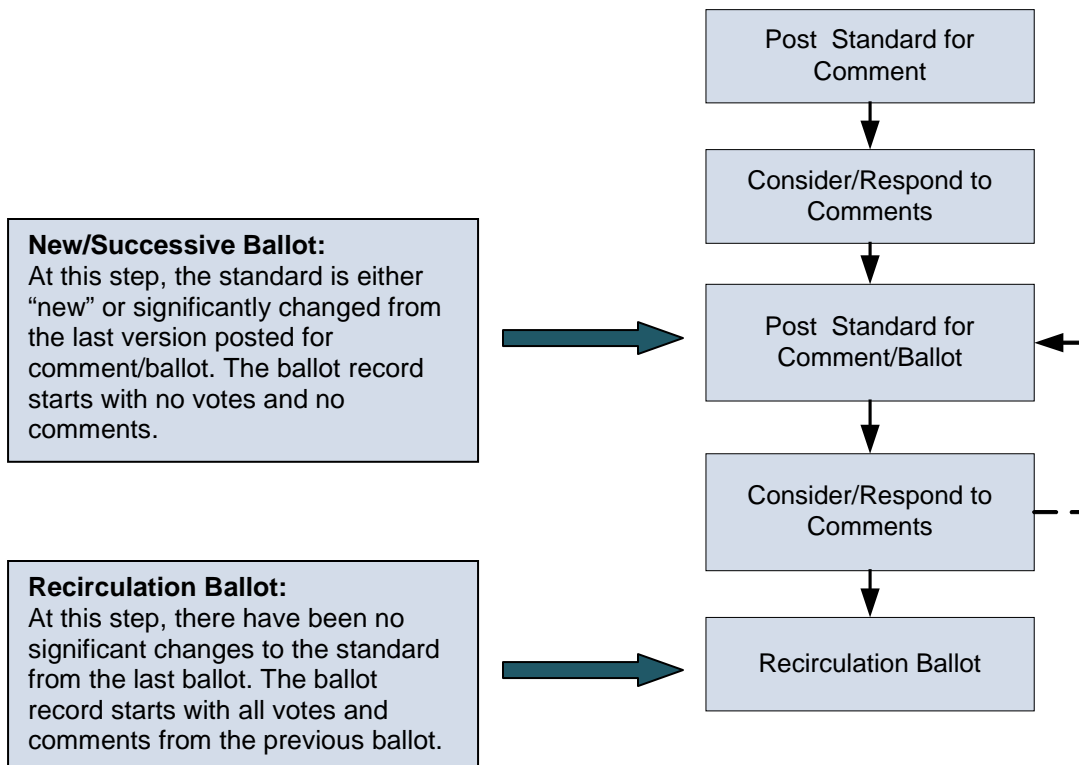
The added efficiency provides drafting teams the ability to begin ballot periods earlier in the development process, since ballot results provide insight into the industry's stance on a proposed standard. Thus, from the outset, industry stakeholders have the opportunity to contribute their valuable expertise by providing sound technical feedback to ensure development of the highest quality standard for the industry as a whole. While ballot results may receive lower approval ratings in the initial stages, as approval increases, the successive ballot process provides a clear indication of the move toward consensus.

Consensus is achieved primarily through the drafting team's consideration of stakeholder comments, and those comments are invaluable for making changes to improve the quality of the standard. Negative ballots with comments, in particular, are essential to the drafting team's ability to gauge stakeholder concerns. When "no" votes are submitted without comments, a drafting team is left unaware of specific concerns about the reliability standard or the proposed modification needed for further improvement.

¹ http://www.nerc.com/docs/standards/sc/Standard_Processes_Manual_Approved_May_2010.pdf

Drafting teams give serious consideration to stakeholder comments and provide a written response to each comment submitted either through a comment form or on a ballot, and these responses are captured and publicly posted in Consideration of Comments reports. Stakeholder comments become part of the formal record used when seeking regulatory and governmental approval of the standard. Comments that offer concrete alternative suggestions for improvement – including possible language and supporting rationale – are most useful for drafting teams. Where commenters are unable to supply alternative language, they should still clearly detail their rationale for voting “no.” Similarly, stakeholders voting “yes,” who support the substance of a standard but have suggestions for further improvement, should submit suggested modifications along with a comment.

The following flowchart outlines the new process and the relationships among the initial ballot, successive ballots and a final recirculation ballot to achieve consensus. Informal comment periods of a minimum duration of 30 days may also be used to collect stakeholder feedback on preliminary drafts of documents and between formal comment periods, if needed. Information gathered from informal comment periods is publicly posted and, while drafting teams are not required to provide a written response to each individual comment received, a summary response is posted that identifies how the drafting team used comments submitted by stakeholders.



Initial Comment Period: When the drafting team is satisfied with the informal feedback it has received, it usually holds an initial formal comment period of at least 30 days. (The Standards Committee has the authority to waive this initial 30-day formal comment period if the proposed

revision to the standard is minor and not substantive.) When the comment period concludes, the drafting team must consider and respond to all comments submitted and make changes accordingly before transitioning to the first concurrent comment and ballot period of 45 days.

Initial Comment/Ballot Period: When a standard is posted for its first parallel comment and ballot period, the starting point for the ballot record is an empty slate – no votes have been cast, and no comments have been submitted with votes. The comment period is 45 days long, and the initial ballot is conducted during the last 10 days of the 45-day comment period. The ballot pool is formed during the first 30 days of this concurrent comment/ballot period, and it remains the ballot body for the remainder of the process, through successive and recirculation ballots. Under most circumstances, stakeholders who do not join the ballot pool at this stage will not be able to vote at any time during the process, but they may continue to submit feedback during the comment periods concurrent with the ballot periods. If, following the initial ballot, the drafting team takes several months to respond to comments and post a new version of the standard, the ballot pool may be opened to refresh the ballot pool.

Successive Comment/Ballot Period: The comments submitted during the formal comment periods and the comments submitted with ballots may indicate a need for significant modifications to the standard. If the team makes significant changes to the standard based on these comments, there is a need for the members of the ballot pool to cast a “new” vote to indicate whether they agree with the “new” version of the standard. Thus, the ballot record for the successive ballot starts without any votes or comments from the previous ballot. The second draft is posted for a 30-day comment period with a successive ballot conducted during the last 10 days of the 30-day comment period. The new process allows more than one successive ballot to be conducted to achieve consensus.

“Recirculation” or Final Ballot: When the drafting team reaches a point where it has not made any significant changes to the standard, the standard is then posted for a “recirculation” or final ballot. There is no comment period and members of the ballot pool who are satisfied with their vote do not need to cast another vote. Members may, however, change their vote. The ballot record starts with the votes and comments that were submitted with the last “successive” ballot.

Expedited Process: In some cases, NERC may need to develop a new or modified standard, Violation Risk Factors, Violation Severity Levels, definition, variance or implementation plan under specific time constraints (such as to meet a time-constrained regulatory directive) or to meet an urgent reliability issue such that there is not sufficient time to follow all the steps in the normal standards development process. Under those conditions, the Standard Processes Manual authorizes the Standards Committee to approve various actions to expedite development, including shortening comment or ballot periods.

NERC appreciates and relies upon strong industry participation and recognizes that it is essential to the development of technically sound standards. The changes outlined above are improving the quality of standards produced by taking advantage of industry expertise earlier in the development process and increasing efficiency, thus making better use of stakeholder time. NERC encourages any stakeholders who have feedback about any aspect of the process to contact Maureen Long at maureen.long@nerc.net.