

From: Gopi Biju
Sent: October 13, 2006 2:36 PM
To: Gopi Biju
Subject: FW: Announcement: Reliability Standards Development Procedures - Proposed Version 6

IESO Standards Communication:

NERC has prepared the Version 6 of the [Reliability Standards Development Procedure](#), to be submitted to the NERC Board of Trustees (BOT) on November 1, so that this would become effective as soon as the BOT approves the version. The changes incorporated in this version have been reviewed and endorsed by the Standards Committee, without going through the regular industry comment and approval process. NERC has indicated that this is a unique occurrence and all future revisions to this document will follow appropriate procedures.

Please let us know if you have any concerns or comments.

Biju Gopi,
MS&O - Reliability Standards & Assessments,
Independent Electricity System Operator,

From: Barbara Bogenrief
Sent: October 4, 2006 12:58 PM
Subject: Announcement: Reliability Standards Development Procedures - Proposed Version 6

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Ladies and Gentlemen:

**Reliability Standards Development Procedures
Proposed Version 6**

On July 20, 2006, the Federal Energy Regulatory Commission issued an [order certifying NERC as the electric reliability organization](#) (ERO) in the United States. In the order, the Commission directed NERC to make certain changes and clarifications to its rules and procedures within 90 days (October 18). Several of these changes are related to the development of reliability standards.

On September 18, 2006, NERC made a [compliance filing on governance issues](#). Among other things, this filing addressed the issue of adding a tenth segment for regional entities and regional reliability organizations. NERC will file its response on non-governance issues by October 18 (see [preliminary draft](#)).

To be responsive to the Commission's directives regarding standards development, NERC has prepared [Version 6 of the Reliability Standards Development Procedure](#) with conforming changes. Because the changes have been developed to comply with an order of the Commission and the response time is short, NERC is forgoing the regular process for modifying the procedure through a ballot of stakeholders. The Standards Committee, as the elected representatives of the Registered Ballot Body, has reviewed the proposed revisions and endorsed the changes as responsive to the FERC order.

The principal changes to the Reliability Standards Development Procedure are:

- Added a reference in the procedure to the ERO Rules of Procedure Section 300 — Reliability Standards Development.
- Deleted the ten quality characteristics of standards, which are already described in the ERO Rule 302, to eliminate redundancy.
- Changed the term Level of Non-Compliance to Violation Severity Level and updated the definition, to ensure consistency with the compliance program.
- Removed redundant language on standards development principles.
- Updated language on filing of standards with governmental authorities with ERO oversight.
- Modified the section on urgent actions:
 - Replaced the automatic one-year expiration with a requirement that the urgent action standard be approved by the regular stakeholder process within one year, or development of a replacement standard must be initiated immediately and completed within two years.
 - Empowered NERC board, under extraordinary emergency conditions that threaten the reliability or security of the bulk power system, to waive or reduce the 30-day pre-ballot period for urgent actions and to reduce the ballot period from ten to five days.
- Clarified that interpretations of standards will be filed with ERO regulatory authorities before they become effective.
- Updated the language on variances to NERC standards to conform to FERC regulations; retained language on variances in the procedure.
- Eliminated section on regional reliability standards, which are addressed in ERO Rules of Procedure Section 300, to eliminate redundancy.
- Added an eighth reliability principle for physical and cyber security.
- Added Segment 10 for regional entities and regional reliability organizations. Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs) remain in Segment 2.
- Updated the voting examples to reflect ten segments instead of nine.

The Standards Committee, having reviewed the proposed revisions, approved the following motion at its September 28–29, 2006 meeting:

Whereas, the Federal Energy Regulatory Commission (FERC) did in its July 20, 2006 ERO certification order direct NERC to make certain changes to its governance and rules of procedure within 90 days;

Whereas, NERC's goal is to be responsive to the Commission's directives and to become fully compliant as the ERO;

Whereas, the necessary modifications to the Reliability Standards Development Procedure require expedited action outside the regular stakeholder process for approving such changes; and

Whereas, such modification to the standards procedure should not and is not intended to set precedent for future revisions to the standards procedure, which in the future should be developed through the regular stakeholder process;

Therefore, the Standards Committee resolves that it has reviewed the proposed revisions to the Reliability Standards Development Procedure and endorses the modifications as responsive to FERC's July 20, 2006 directive while maintaining the principles of a stakeholder-driven process that is open, inclusive, balanced, and fair.

The proposed Version 6 of the Reliability Standards Development Procedure will be submitted to the NERC Board of Trustees for approval at its meeting on November 1, 2006, to be made effective immediately upon approval.

It is intended that this expedited change process is a unique occurrence and that the regular stakeholder process should be used for future revisions to the procedure. The current revisions will be subject to stakeholder comment and confirmation during the next regular update to the procedure. With the limited response time, comments are not being sought on the revised language in Version 6. However, anyone with an objection to this proceeding should forward the objection in writing to [Gerry Cauley, Vice President and Director of Standards](#) no later than October 17. Any objections received will be presented to the board along with the request for approval.

Gerry Cauley
Vice President and Director of Standards
[North American Electric Reliability Council](#)
[Reliability Standards Home Page](#)