



# Sector 8 Policy Input for the NERC Board of Trustees & Member Representatives Committee

## November 16, 2022 Meeting

ELCON, on behalf of Large End-Use Consumers (Large Consumers), submits the following policy input for the consideration of NERC's Board of Trustees (BOT) and the Member Representatives Committee (MRC). The policy input provided below responds to BOT Chair Kenneth Defontes, Jr.'s October 12, 2022 letter to Roy Jones, Chair of the MRC.

### SUMMARY

Large Consumers (Sector 8) support NERC's continued inquiry into opportunities to improve the standards process. The BOT requested MRC input on the following questions in relation to the Recommended Enhancements to the NERC Reliability Standards Development Process and Considerations for Future Work by the Standards Process Stakeholder Engagement Group (SPSEG):

- 1. Do you agree with the proposed recommendations to revise the NERC Rules of Procedure Section 300?** Large Consumers acknowledge that eliminating the requirement for continued American National Standards Institute (ANSI) accreditation would provide opportunities for efficiency and streamlining, so long as NERC continues to observe the ANSI "Essential Requirements." However, Large Consumers are concerned that the recommendation to provide a mechanism for the NERC Board to direct the development of standards is not consistent with these Essential Requirements. Accordingly, Large Consumers emphasize the importance of ensuring that any such procedures contemplated by SPSEG provide for openness, transparency, and opportunity for public comment prior to the issuance of any directive as well as stakeholder involvement in the development of any standards so directed by the Board.
- 2. Do you agree with the proposed recommendations to revise the *Standard Processes Manual*?** Large Consumers appreciate SPSEG's interest in improving the efficiency and effectiveness of stakeholder engagement in the Standard Authorization Request (SAR) process as described in the *Standard Processes*

*Manual* and encourage further consideration of how best to leverage the technical expertise of NERC stakeholders through its committees.

3. **Do you agree with the proposed recommendations for the Standards Committee, Standing Committee Coordinating Group (SCCG), and Reliability and Security Technical Committee (RSTC)?** Large Consumers are generally supportive of SPSEG’s SAR-related recommendations to draw upon the cross-functional expertise of NERC’s committees and preserve key avenues of stakeholder engagement. However, Large Consumers note that Sector 8 registered entities are resource-limited, and addition of a Sector 8 advocate to NERC Staff could significantly improve inclusivity and balance both in standards voting and other NERC processes.
4. **Do you agree with the proposed recommendation to initiate a review of the Registered Ballot Body (RBB) Criteria?** Large Consumers support SPSEG’s recommendation that NERC Staff initiate a broad review of the current RBB Criteria for continued fairness, openness, inclusivity, and balance.
5. **Are there additional recommendations the Board should consider?** Large Consumers ask NERC to ensure that quality is not sacrificed for expediency under the contemplated revised Rules of Procedure. Similarly, we ask that stakeholder engagement, particularly among historically underrepresented groups such as consumers, continue to draw the focus of NERC and the SPSEG moving forward.

### **Recommendations to Revise the NERC Rules of Procedure Section 300**

Large Consumers strongly encourage NERC to continue evaluation of standard development process improvements that will enhance NERC’s ability to address reliability needs with appropriate flexibility, while maintaining a transparent and inclusive process. In particular, Large Consumers acknowledge the rapid changes occurring in the electricity sector and recognize the benefits of an agile development process in light of these changes. Accordingly, Large Consumers support SPSEG’s efforts to promote efficiency in standard development, streamline process administration, and achieve an open and inclusive process that balances consumers’ interests in reliability along with governmental and other industry interests.

With respect to SPSEG’s recommendation to eliminate the requirement for continued accreditation by ANSI, Large Consumers note that while they have historically supported an ANSI-approved standards development process,<sup>1</sup> strict adherence to the specific ANSI procedural benchmarks and normative policies required for continued ANSI accreditation is not the only method by which NERC can ensure an open, fair,

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<sup>1</sup> See, e.g., Policy Input to the NERC BOT and MRC – February 8, 2012, available [here](#).

and inclusive process. Prior to certifying NERC as the ERO, the Federal Energy Regulatory Commission (Commission) addressed the issue of ANSI accreditation in Order No. 672. The Commission stated:

Although we are not requiring that the ERO adopt an ANSI-certified approach to meet all of the requirements of section 39.3, we find that ANSI-accreditation is one reasonable means of doing so. We agree . . . that a process like the ANSI-certified process would ensure openness and balance the interests of stakeholders. However, we are concerned about the time it may take to develop a Reliability Standard under the ANSI-certified process.<sup>2</sup>

Therefore, pursuant to Order No. 672, accreditation by ANSI is not required to maintain NERC's status as the ERO. Consistent with the Federal Power Act,<sup>3</sup> NERC must provide for fair representation of all stakeholders and must ensure due process, openness, and a balance of interests, but NERC is not required by the Commission to follow any particular standards development process. In light of the flexibility afforded by the Commission, Large Consumers echo the suggestion by SPSEG and others that eliminating the requirement for continued ANSI accreditation would provide opportunities for efficiency and streamlining so long as NERC continues to observe the ANSI "Essential Requirements." Large Consumers thus support the SPSEG's recommendation to retain the core principles of an ANSI-accredited process (*i.e.*, the Essential Requirements) in Section 304 of the Rules of Procedure and Section 1.4 of the Standard Processes Manual.

With respect to SPSEG's recommendation to provide the NERC Board with authority to direct the development of reliability standards where the Board finds that issuing such a directive is essential to address an urgent reliability issue, Large Consumers emphasize the importance of ensuring that any such procedures contemplated by SPSEG provide for openness, transparency, and opportunity for public comment prior to the issuance of any directive as well as stakeholder involvement in the development of any standards so directed by the Board. Streamlined procedures should not come at the expense of transparency and stakeholder engagement.

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<sup>2</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, FERC Stats. & Regs. ¶ 31,204, at P 672, *order on reh'g*, Order No. 672-A, FERC Stats. & Regs. ¶ 31,212 (2006) ("Order No. 672").

<sup>3</sup> 16 U.S.C. § 824o(c)(2)(D).

## **Recommendations to Revise the *Standard Processes Manual***

For the reasons stated above, Large Consumers support SPSEG's recommendation to revise the *Standard Processes Manual* to reflect that NERC's process is modeled on the ANSI Essential Requirements, but is separately governed and not bound by ANSI's procedural benchmarks and certification requirements. Moreover, Large Consumers appreciate SPSEG's interest in improving the efficiency and effectiveness of stakeholder engagement in the SAR process as described in the *Standard Processes Manual*. Moving forward, new models and mechanisms should be explored in determining how best to leverage the technical expertise of NERC stakeholders through its committees, while ensuring that SAR drafting teams are equipped with the best relevant expertise available from industry and elsewhere.

## **Recommendations for the Standards Committee, SCCG, and RSTC**

Large Consumers are generally supportive of SPSEG's SAR-related recommendations to draw upon the cross-functional expertise of NERC's committees and preserve key avenues of stakeholder engagement. However, Large Consumers consistently have noted that Sector 8 registered entities are severely limited with regard to the resources they can commit to ERO stakeholder responsibilities, including participation in NERC's various committees, sub-committees, task forces, and working groups. Large Consumers continue to believe that establishing a Sector 8 advocate on NERC Staff would help supplement our engagement in the standards development process and ensure that consumer interests in reliability are balanced appropriately along with consideration of technical feasibility, burden on registered entities, and the relative costs and benefits of specific measures to ensure reliable operation of the bulk power system.

## **Recommendations for RBB Review**

Large Consumers support SPSEG's recommendation that NERC Staff initiate a broad review of the current RBB Criteria for continued fairness, openness, inclusivity, and balance in standards voting. Large Consumers agree that such a review is appropriate in light of changes in the electricity sector that are impacting the bulk power system, and that Staff's review should be performed with due consideration to historical participation patterns among the current segment classes. In particular, facilitating broader participation of Sector 8 registered entities will be crucial to achieving inclusivity and balance both in standards voting and other NERC processes. Large Consumers therefore urge NERC and SPSEG to focus on process improvements that will achieve closer engagement with historically underrepresented groups such as consumers.

### **Additional Recommendations for NERC's Consideration**

Although Large Consumers acknowledge the significant and rapid changes in the electricity industry that are driving the need for standards drafting process improvements, we ask NERC to ensure that quality is not sacrificed for expediency. Similarly, we ask that stakeholder engagement, particularly among historically underrepresented groups such as consumers, continue to draw the focus of NERC and the SPSEG in considering streamlined Rules of Procedure.

Thank you for your consideration.