NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

ICSJWG- A NERC Perspective

Can the NERC Regulatory Framework Really Work?

October 25, 2011

Brian Harrell - NERC

RELIABILITY | ACCOUNTABILITY

Presentation Agenda

- NERC Overview
- Standards Process
- American National Standards Institute (ANSI)

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NERC Overview

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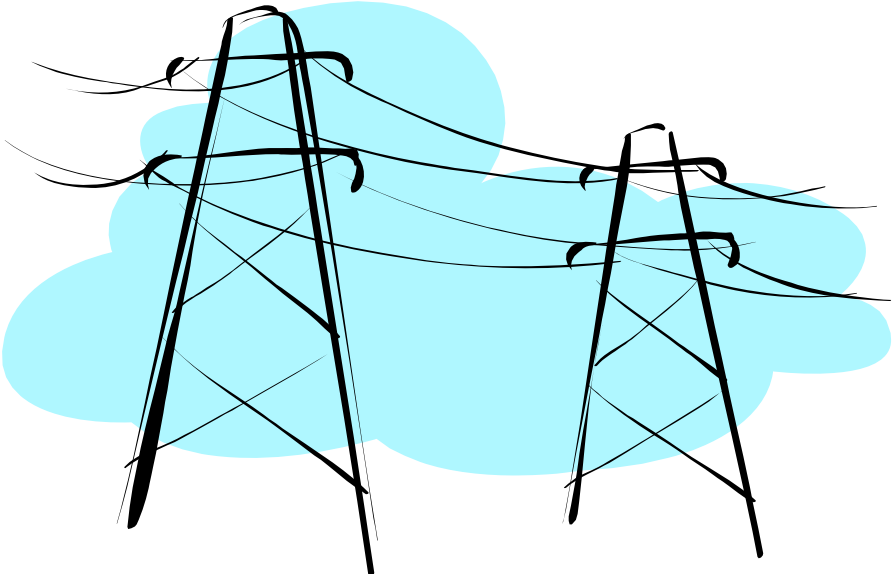
What is NERC's role in the industry?

- Mission: Ensure the reliability of the North American bulk power system by…
  - Ensuring compliance with mandatory reliability standards
  - Acting as a catalyst for positive change within the industry



Defining Reliability

- NERC defines a **reliable** bulk power system as one that is able to meet the electricity needs of end-use customers even when unexpected equipment failures reduce the amount of available electricity.
- This means:
  1. Adequacy – sufficient resources
  2. Security – ability of system to withstand sudden and unexpected disturbances

What does it mean to be the ERO?

- Only one Electric Reliability Organization (ERO), overseen by U.S. and Canadian regulatory authorities (FERC and the provinces)
  - Responsible for developing/enforcing reliability standards
  - Independent of owners, operators, users
  - Adhere to rules governing standards development, compliance enforcement, budgeting

What does NERC do?

- Develops and enforces reliability standards
- Monitors the bulk power system
- Assesses adequacy
- Audits owners, operators, and users for preparedness
- Educates and trains industry personnel

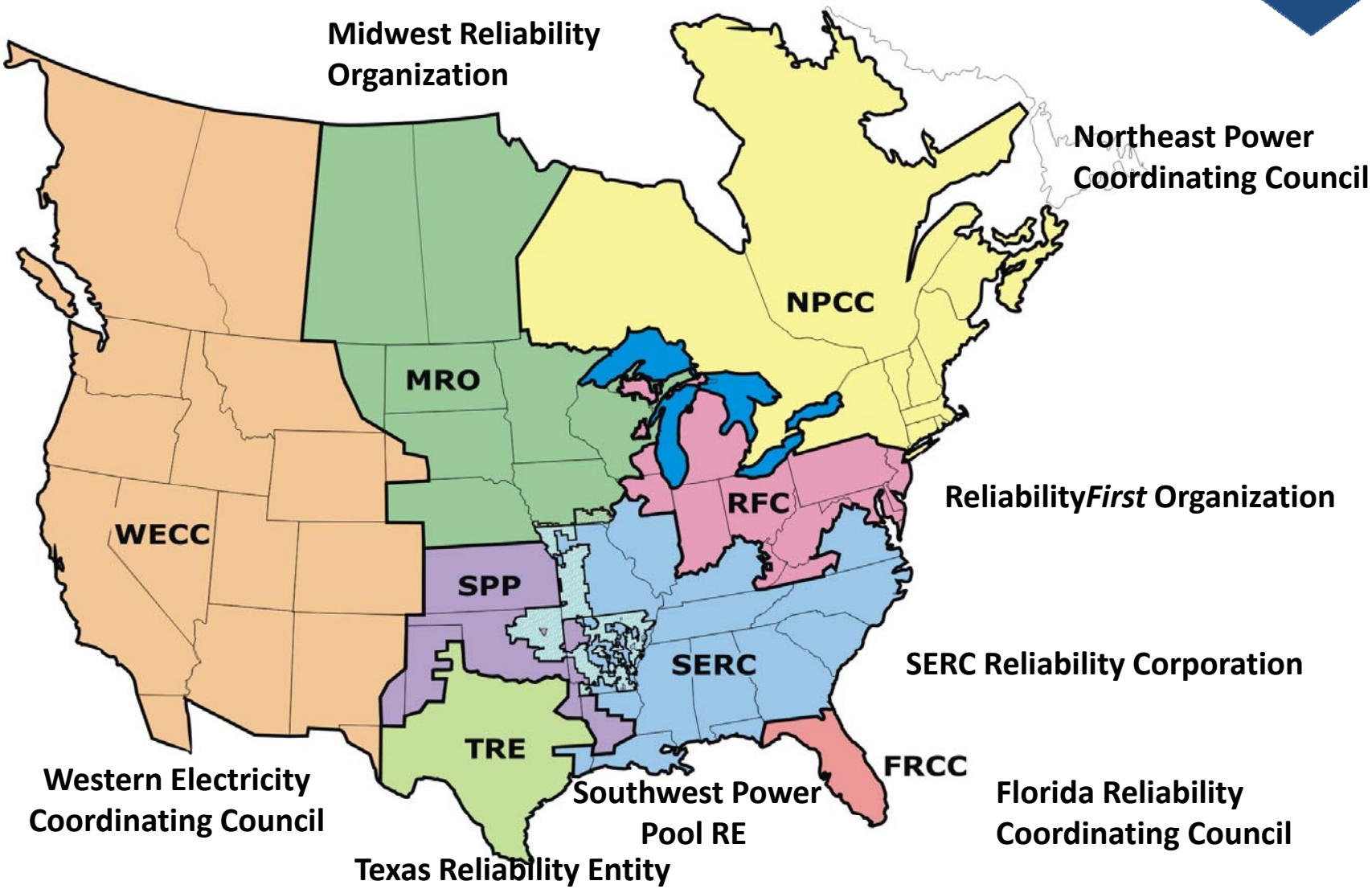
NERC Membership

- Open to all entities interested in bulk power system
- Twelve Membership categories:
  - Investor-owned utility
  - State or municipal utility
  - Cooperative utility
  - Federal or provincial utility/power marketing administrator
  - Transmission dependent utility

NERC Membership, cont.

- More membership categories:
  - Merchant electricity generator
  - Electricity marketer
  - Large end-use electricity customer
  - Small end-use electricity customer
  - Independent system operator/regional transmission organization
  - Regional Entity
  - Government Representative

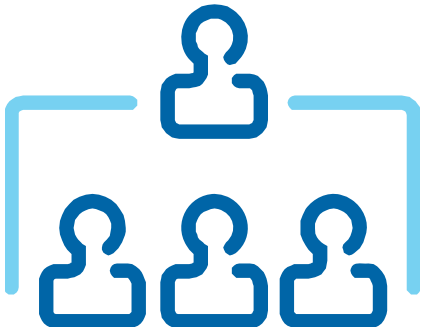
NERC Regions



Eight NERC Regions

- Perform delegated functions:
  - Compliance
  - Regional standards
  - Organization registration
  - Reliability assessments
- Regional consistency key for transparency, predictability, and uniform outcomes

NERC Departments



- Compliance Enforcement
- Compliance Operations
- Critical Infrastructure Protection (CIP)
- Investigations
- Operations, Planning, and Delivery
- Reliability Assessment and Performance Analysis (RAPA)
- Reliability Initiatives and System Analysis
- Situational Awareness
- Standards
- Governmental Relations
- Legal and Regulatory
- Training

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NERC's Standards Process

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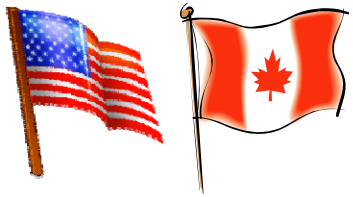
NERC's Standards Process

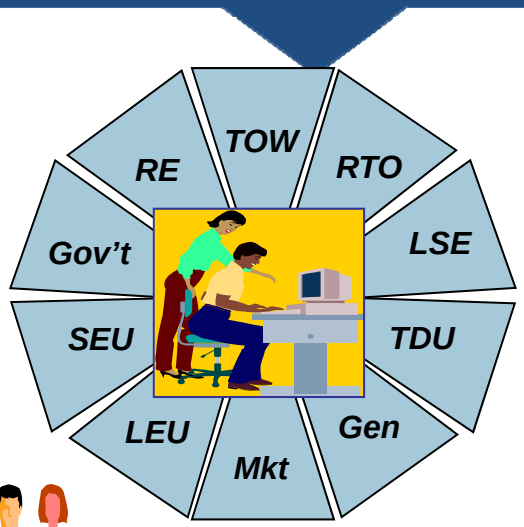
- In 2010, a new process was developed with input from Standards Committee, Results-Based Process Ad Hoc Team, stakeholders, and regulators
- FERC approved the Standard Processes Manual on September 3, 2010
- Goals:
  - Improve efficiency
  - Improve quality
  - Preserve American National Standards Institute (ANSI) accreditation

Roles and Responsibilities

Board of Trustees



Regulators



Ballot Body

Standards Committee

Drafting Teams

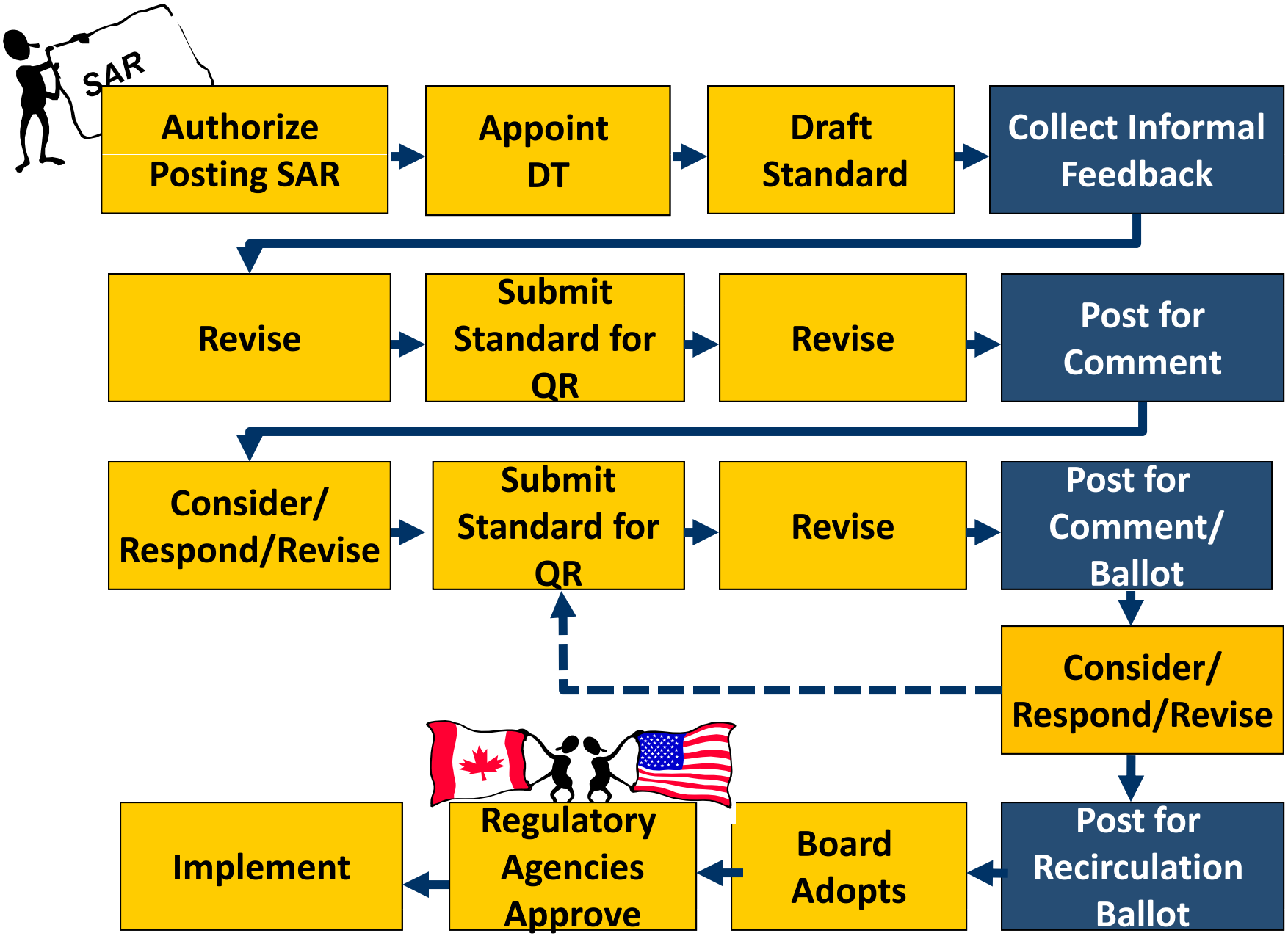
Stakeholders

Ballot Pools

Standards Staff

Standards Committee

- Prioritizing standards development activities
- Reviews actions to ensure the standards development process is followed
- Reviews and authorizes Standard Authorization Requests (SARs)
- Manages progress of SARs and standards development efforts
- Reviews and authorizes drafting new or revised standards and their supporting documents
- Makes appointments to drafting teams


SAR
Authorize Posting SAR
Appoint DT
Draft Standard
Collect Informal Feedback
Revise
Submit Standard for QR
Revise
Post for Comment
Consider/ Respond/Revise
Submit Standard for QR
Revise
Post for Comment/ Ballot
Consider/ Respond/Revise
Post for Recirculation Ballot
Board Adopts
Regulatory Agencies Approve
Implement

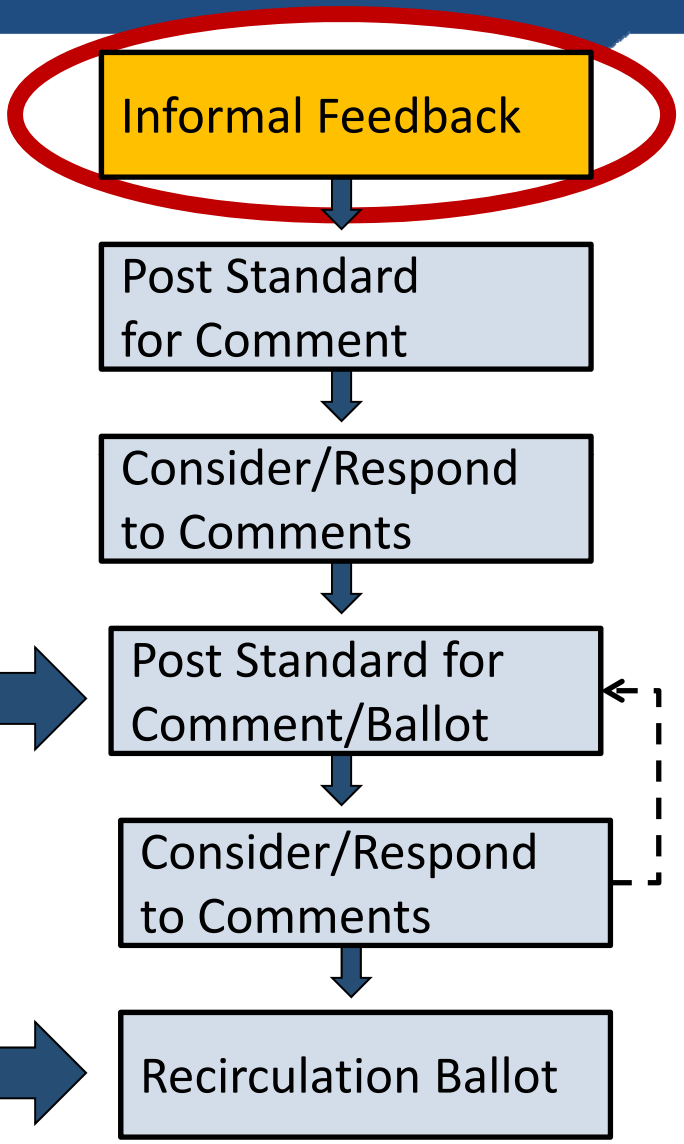
Roles and Responsibilities of Drafting Teams

- Develop an excellent, technically correct standard that helps provide an adequate level of BPS reliability and achieves stakeholder consensus
  - Stay within the scope of the Standard Authorization Request (SAR)
  - Address regulatory directives and stakeholder issues
  - Ensure standard meets criteria for approval
- Develop initial set of Violation Risk Factors and Violation Severity Levels and associated reasoning
- Produce a realistic implementation plan
- Develop supporting documents (optional)

Drafting Team Formation and Support

- If a team is formed to address the SAR, the same team develops the standard
- Includes a technical writer, if needed
- Technical experts provide content for requirements
- Technical writer drafts language for technical experts
- Technical experts have "power of veto"

Stakeholder Consensus Process



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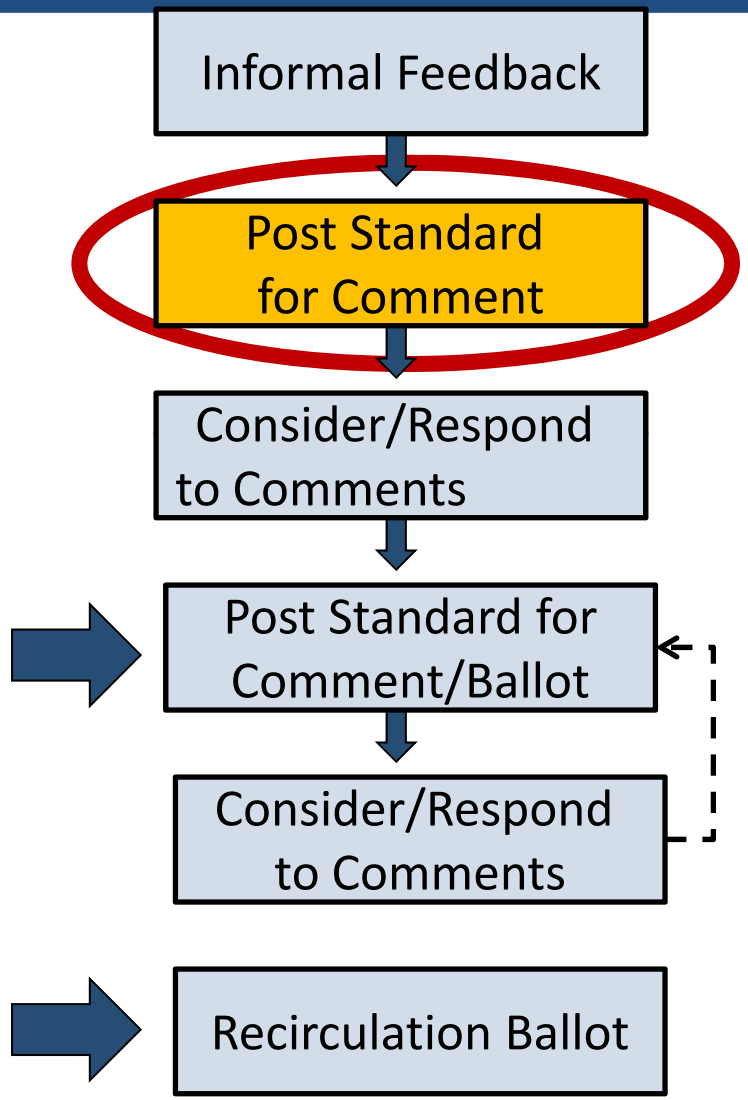
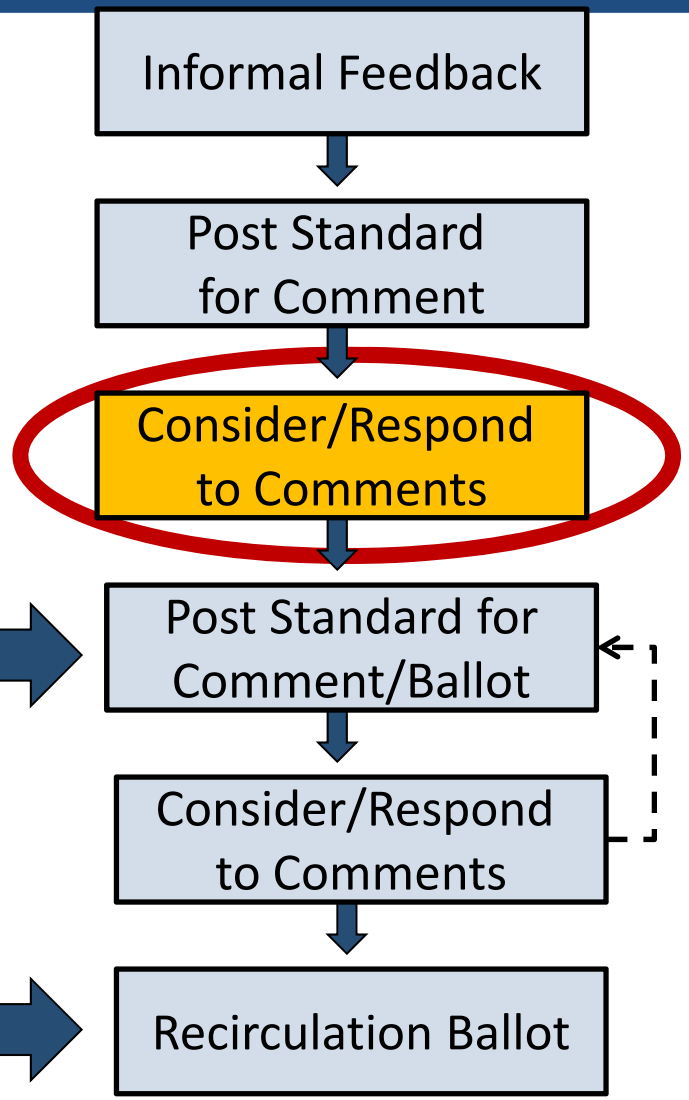


Stakeholder Consensus Process



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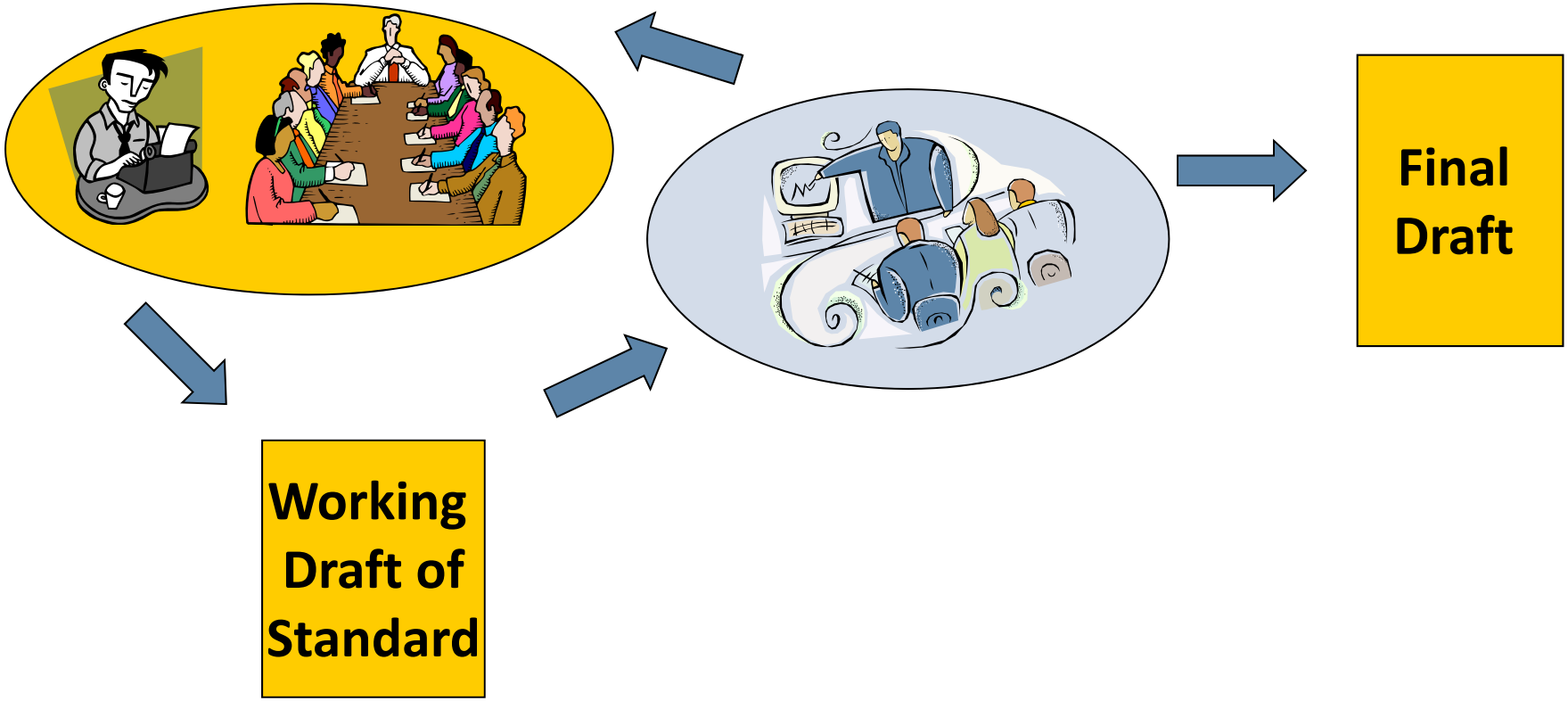
Emphasis on Quality Before Posting Final Drafts

Quality review required before "final" draft posted.

Results of review sent to Standards Committee and drafting team.



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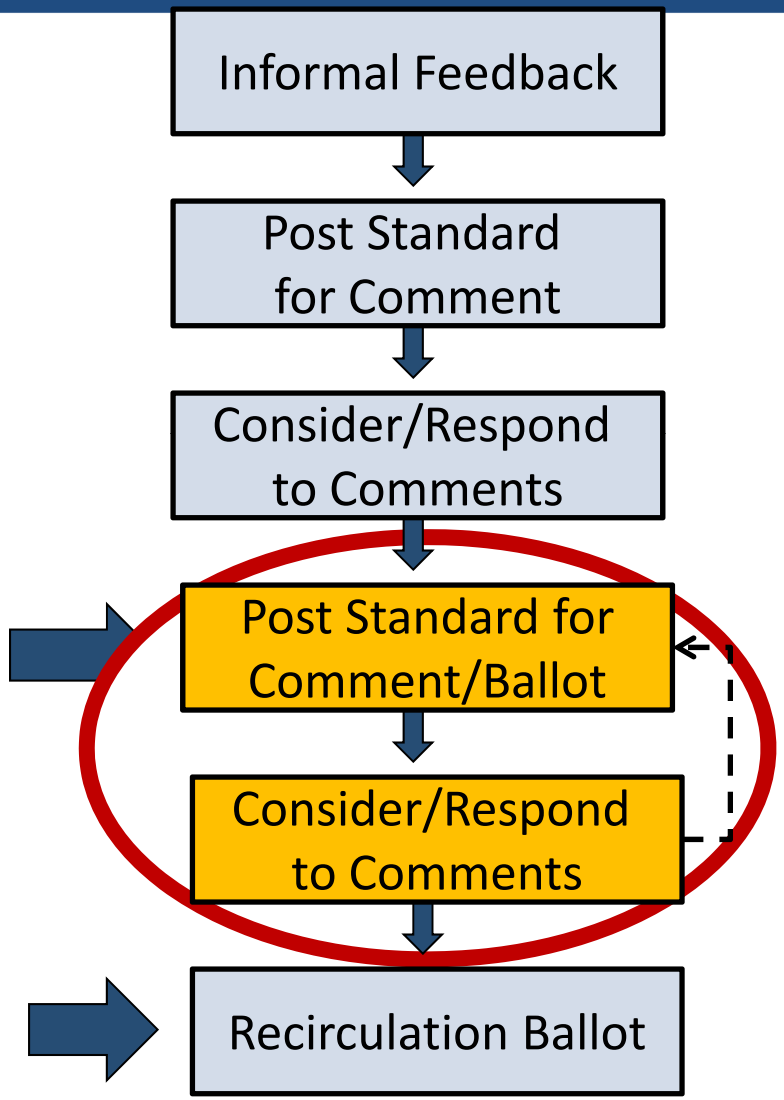

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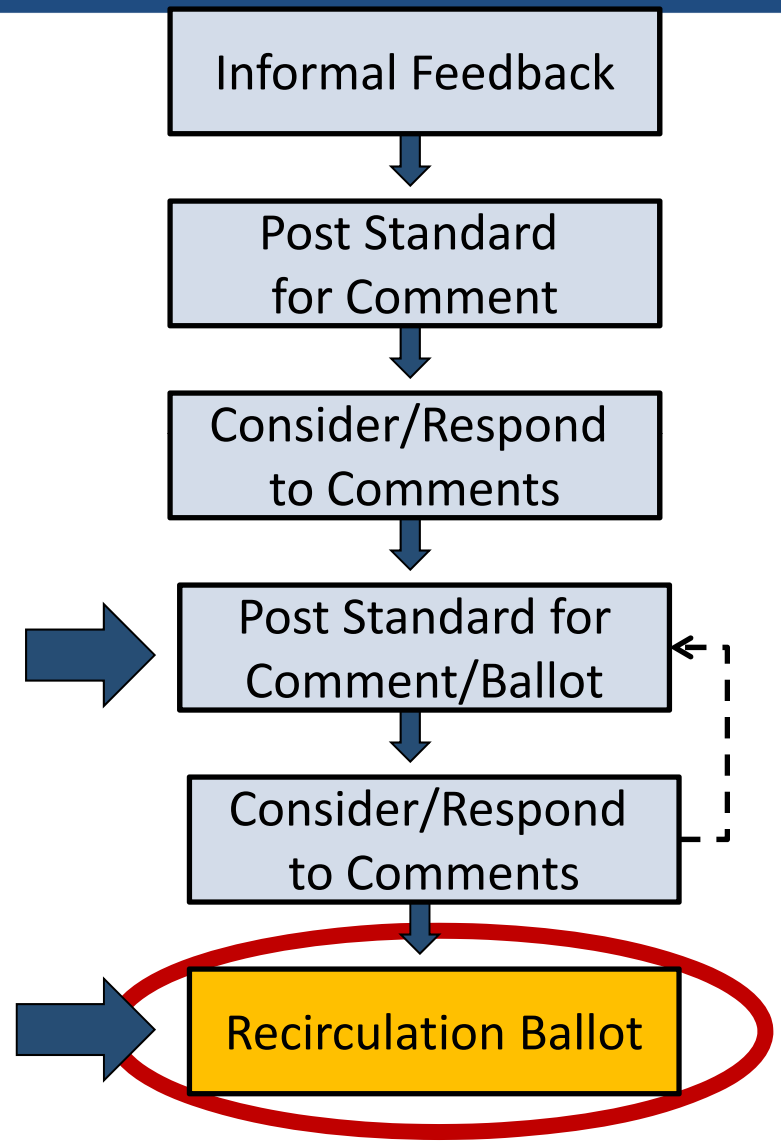

FERC's Approval Process for Standards

Standard & Tech Details → FERC Analysis → NOPR → FERC Analysis → Order

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Benefits

- Hallmarks of the ANSI Process
  - Openness, due process, consensus by a balance of materially-affected interests, consideration of views and objections
  - Transparency of the process
  - Fundamental fairness - Ensures level playing field
- Provides legal safeguards (re: antitrust, product liability/negligence, etc.)
- Government acceptability (e.g. National Technology Transfer & Advancement Act of 1995)
- Accreditation is a prerequisite for the National Adoption of an ISO or IEC standard as an ANS

Benefits

- Safeguards the integrity and value of the American National Standards by requiring due process, consensus, and openness
- Protects the public's participation in and promotes the value and awareness of national, regional, and international standards and conformity assessment activities

Agenda Review

- NERC Overview
- Standards Process
- American National Standards Institute (ANSI)

Questions?

Other feedback? Contact Brian.Harrell@nerc.net.