

NERC Standards Development Update

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RELIABILITY | ACCOUNTABILITY



- 2015 Trends and Expectations
- Steady State NERC Standards
- Going Forward – 2016 and Beyond
- Draft 2016-2018 Reliability Standards Development Plan
- Enhanced Periodic Reviews
- Hot Topics – Industry Outreach and Select Projects

- How did we get here?
 - 2012 stakeholder inputs
- Progress towards steady state
- Project Management and Oversight Subcommittee
- Federal Energy Regulatory Commission (FERC) directives
 - 247 directives outstanding during 2013-2015
 - 11 directives outstanding in 2016
- Paragraph 81 and Independent Expert Review Panel
 - 281 requirements recommended for retirement
 - 273 addressed by 2016
 - 46% retired
 - 43% revised
 - 11% reaffirmed

- Steady State
 - FERC directives and recommendations for retirement have been addressed
 - Quality and content have been reviewed
 - Standards have transitioned closer to being results-based
- Steady State will be reached early 2016
 - 17 standards in 2015, two in 2016
- Principles to consider moving forward
 - Stakeholder comfort with steady state
 - Standards provide accountability
 - Standards should mitigate risks to the Bulk Power System
 - Standard and compliance expectations should be aligned

- Analysis and coordination
 - Ahead of project kick-off
 - Feedback loops
 - Committees, trades, forums
 - Risk analysis
- Consider other projects, tools, and principles
 - Connection to technical excellence
 - Compliance guidance
- Project planning
 - Project Management and Oversight Subcommittee
 - Enhanced periodic reviews

- Sets forth plan for:
 - Eight projects continuing from 2015 into 2016
 - Enhanced Periodic Reviews
 - Eight standards families planned for 2016
 - Emerging risks
 - FERC directives
 - Standard Authorization Requests
- Specifically considers:
 - Integration of Variable Generation Task Force (IVGTF) recommendations
 - Essential Reliability Services Task Force (ERSTF) recommendations
 - Communicating with the Reliability Issues Steering Committee (RISC) on other emerging risks
 - Potential FERC directives

- Flexibility in measured approach to development
- Prioritization considerations
 - Risk assessment
 - Industry buy-in up front
- Feedback loops and factors for consideration of risk
 - Emerging risks and changing technologies
 - Event analysis and compliance violation statistics
 - Lessons learned and FAQs
 - Measures
 - RSAW development and compliance input
 - Regional variances

- Status
 - Industry comment period closed on August 17, 2015
 - NERC Standards Committee endorsed on September 23, 2015
- Next steps
 - Present to the NERC Board of Trustees (Board) in November 2015
 - File with the applicable governmental authorities fourth quarter 2015

- Measured in-depth review to improve quality and content of standards
- Seek opportunities to make standards more concise
 - Verify content is appropriate for inclusion in a standard
 - Builds on Independent Experts' work with industry input
- Enhanced periodic reviews to address:
 - Emerging risks
 - FERC directives
 - Standards Authorization Requests

- Plan in development
- Execution expected in Q1 2016
 - Topic was discussed at the May NERC Board meetings for policy inputs
- No mandated timeline
 - Deliberate measured pace

- Recognizes current trend at NERC
 - Smaller drafting and review teams of 6-10 members
 - Active observers
 - Engaged industry throughout standard development process
 - Active use of project listservs
- Essential part of standards development
 - The ballot is an inefficient barometer of industry position
 - Ad hoc groups have more influence early in the process
 - Teams often more receptive to comments during early phases of development
 - Communication among industry, teams, NERC, and FERC

- Continued open dialogue as we engage in a more measured development of standards
 - Feedback loops
 - Committees, trades, forums
 - Compliance inputs and guidance
 - Enhanced periodic reviews vs. standards development projects timing
- Feedback during outreach and development
 - Suggested language
 - Rationale

- 2007-06.2 Phase 2 of System Protection Coordination (TOP-009)
- 2007-06 System Protection Coordination (PRC-027)
- 2009-02 Real-time Reliability Monitoring and Analysis Capabilities (TOP/IRO)
- 2010-14.2.1 Phase 2 of Balancing Authority Reliability-based Controls (BAL-005 and BAL-006)
- 2015-07 Internal Communications Capabilities (COM-001-2)
- Interpretations

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Questions and Answers