

THE UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Reliability Technical Conference

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Docket No. AD13-6-000

**Prepared Comments of Brian J. Murphy,
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Standards Committee
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I wish to thank Chair Wellinghoff and each of the Commissioners for inviting me to speak today in my capacity as Chair of the NERC Standards Committee.¹

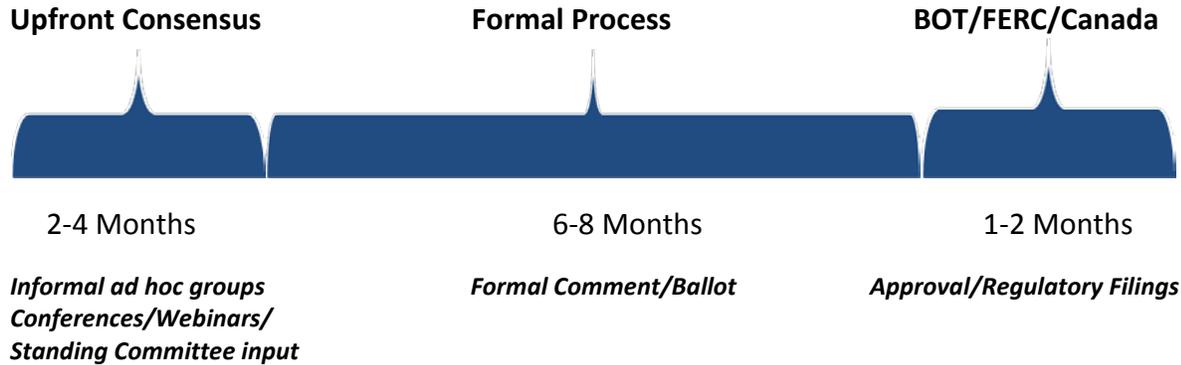
Executive Summary

Consistent with the mandate of Section 215 to implement Reliability Standards that provide for the reliable operation of the Bulk Power System, the Standards Committee and NERC are working together to aggressively transition to a set of stable high quality and technically sound Reliability Standards in the 2014-2015 timeframe. To effectuate this transition, in late 2012 and early 2013, a number of reforms and enhancements were implemented to more effectively and efficiently manage the Standards development process. Specific reforms and enhancements include the following:

- an emphasis on addressing all outstanding FERC directives.
- an emphasis on drafting high quality, technically sound Standards that also retire requirements that do little to promote reliability and implement results-based approaches.
- an emphasis on informal, upfront discussion and consensus building.
- an emphasis on engaging the other NERC Standing Committees on project-specific technical analyses, prioritizations and the considerations on the need for a Standard compared with other approaches, such as operational guidelines, etc.

¹ As Chair of the Standards Committee, I am also a member of the NERC Reliability Issues Steering Committee (RISC). In addition, I am the Chair of the paragraph 81 (P81), Phase 1 Standards Drafting Team.

Based on the implementation of the above reforms, the following is an illustrated timeline of the enhanced Standards development process:



As a result of the enhanced Standards development process, the following is an overview of Standard priorities that will likely result in a number of filings with the Commission at the end of 2013/beginning of 2014.

Standard Priorities for the Remainder of 2013

Priority Criteria:	Top Standard Priorities:
<ul style="list-style-type: none"> Outstanding FERC Directives Input from RISC prioritization P81 Candidates 	New or revised: COMs (communication), MODs (modeling), PER-005 (training), VAR-001 and -002 (reactive), various PRCs (protection and control) and BALs (balancing), EOPs (emergency, load shedding, restoration plans), FAC-001 and -002 (interconnections), INTs (interchange); also the completion of Bulk Electric System definition
<ul style="list-style-type: none"> Order 779 	Geomagnetic Disturbance Stage One Standard

Standard Priorities for 2014

Priority Criteria:	Top Standard Priorities:
<ul style="list-style-type: none"> Any outstanding FERC Directives not addressed during 2013 Closer coordination with the RISC prioritization activities/consideration of risk based Standard approaches Any remaining P81 Candidates Directional consistency with the recommendations of the Independent Expert Review Panel (IERP) 	Completing any outstanding 2013 Standards projects As determined by the 2014 priority criteria, the continued transformation of Standards to a stable set of high quality, technically sound, results-based Standards, that retire unnecessary requirements
<ul style="list-style-type: none"> Order 779 	Geomagnetic Disturbance Stage Two Standard

Comments

At its full complement, the Standards Committee is comprised of 22 stakeholders, including representatives from the electric industry, customers, consumer advocates, public service commissions and Canada. The Standards Committee reports to the NERC Board of Trustees, and works with NERC Standards Staff to manage the Standards development process.

In 2012, the Standards Committee, NERC Staff and Management, stakeholders, the NERC Board of Trustees and the Standards Process Input Group (SPIG)² recognized the need to implement reforms and enhancements to more effectively and efficiently manage the Standards development process. Based on the diligent and coordinated work of many people, the following documents were developed and implemented:

- the revised Standards Processes Manual
- the 2013-2015 Reliability Standards Development Plan
- the revised Standards Committee Charter
- the Standards Committee 2013-2015 Strategic Plan
- the Standards Committee 2013-2015 Strategic Work Plan

To facilitate an understanding of the depth and scope of the reforms and enhancements contained in these documents, below is a summary:

Revised Standards Processes Manual

The revisions to the Standards Processes Manual include the following:

- a more explicit understanding of the role of the Standards Committee to disband unproductive Standard Drafting Teams;
- an explicit requirement that Standard Drafting Teams include the following skillsets: technical writers, legal, compliance and highly trained project management and facilitation support personnel;
- the elimination of an initial 30 day comment period, allowing a Standard to proceed directly to a 45 day comment and ballot period;
- a requirement that negative votes include comments; and
- a waiver provision designed to provide more flexibility to address, among other things, regulatory deadlines.

² At the February 2013 NERC meetings, it was acknowledged that the SPIG had served its purpose and was disbanded.

Revised Standards Committee Charter

The revisions to the Standards Committee Charter were designed to affirm the Standards Committee's commitment to work with NERC Standards Staff, the other Standing Committees and stakeholders to effectively and efficiently manage the Standards development process. Specific enhancements and reforms include the Standards Committee:

- coordinating with the RISC to develop a Reliability Standards development plan that prioritizes and aggressively pursues work that will result in a body of high-quality, results-based Standards;
- establishing and facilitating the informal and formal collaborative, consensus building processes for Standard projects. This enhanced approach provides stakeholders, NERC's Standing Committees, the Trade Associations, the Transmission and Generator Forums, NERC Staff and FERC Staff an opportunity to be involved in the upfront design of new or revised Standards prior to the Standards entering the formal development process; and
- the Chair and Vice Chair leading the informal consensus-building activities prior to and throughout all stages of the Standards development process.

2013-2015 Reliability Standards Development Plan

The 2013-2015 Reliability Standards Development Plan sets forth a framework to continue the transition to a stable body of high quality and technically sound Standards that ensure the reliability of the Bulk Power System. As stated in the Plan, the transition requires the application of a P81 filter as well as ensuring that each Standard, or family of Standards, contains results-based requirements with sufficient clarity to hold entities accountable without being overly prescriptive as to how a specific reliability outcome is to be achieved.

The Plan is a disciplined and structured approach to transforming Standards. For example, the application of the P81 filter in each Standard project ensures that applicable subject matter experts are involved, while not creating multiple projects to review a Standard or a family of Standards: one project for P81, one for FERC directives and one for results-based. Also, to further enhance project management, the Plan includes an action plan with deliverables and targeted milestones for Standard projects.³ This project management framework was carried over to the Standards Committee 2013-2015 Strategic Work Plan.

³ NERC Standards Staff and the Standards Committee Project Management and Oversight Subcommittee have developed a dashboard project management tracking tool for each Standard project. This tool is posted on the NERC website at <http://www.nerc.com/pa/Stand/Pages/default.aspx> click on "Project Tracking Spreadsheet" which can be found under "Reliability Standards Development" on the left hand side of the page.

2013-2015 Strategic Plan and Strategic Work Plan

In concert with the reforms and enhancements in the Standards Committee Charter and the 2013-2015 Reliability Standards Development Plan, the Standards Committee developed and implemented a 2013-2015 Strategic Plan and accompanying Strategic Work Plan. The Strategic Work Plan set forth specific tasks designed to ensure that the reforms and enhancements would be implemented in a timely manner. All of the tasks listed below have been completed, unless otherwise noted:

Task No. 1: Standards Committee Accountability – Review/revise Standards Committee Charter

Task No. 2: Review of the Standards Processes and Procedures

Although much of this task has been completed, the Standards Committee will continue to implement reforms and enhancements to the Standards development process, as needed.

Task No. 3: Reliability Standard Development Plan Work Areas

Task No. 4: Standards Committee interaction with RISC

Although this task has been completed via the Standards Committee and the RISC endorsing coordination guidelines, the Chairs of these Committees will continue to seek out process and prioritization enhancements.

Task No. 5: Training and Outreach on Reforms and Enhancements

Although the development and deployment of training and presentations have been completed, during the implementation of reforms and enhancements there is almost always a need to over communicate, so the Standards Committee and NERC Standards Staff will continue to monitor the level of understanding of these reforms and enhancements and proactively communicate, as needed.

Task No. 6: Review of the Standards Committee, Subcommittees and Affiliated Working Groups

The only outstanding task is related to the review of the Functional Model Working Group, which will be presented for Standards Committee consideration in the near future.

Task No. 7: Increased Access to Subject Matter Experts

Based on the successful engagement of subject matter experts during the upfront, informal discussions and consensus building process, this task has been deferred and will be reviewed as to need in the fourth quarter of 2013.

Task No. 8: Increase Collaboration between NERC's Standing Committees, the Standards Committee and NERC Standards Staff as well as between the Standards Committee and Standard Drafting Teams

Much of this task has been completed, with the understanding that the Standards Committee is dedicated to fostering a collaborative environment to ensure the success of the stakeholder-

driven Standards development process, the Standard Drafting Teams, NERC's Standing Committees and NERC as a whole.

Task No. 9: Establishment of a Project Management and Oversight Subcommittee

Although this task has been completed, the Standards Committee's leadership and Project Management and Oversight Subcommittee (a group of Standards Committee members and observers) are dedicated to working with NERC Standards Staff and the Standard Drafting Teams to overcome impasses and keep Standard projects on track. One of the drivers for the new subcommittee was the observation that the Standard Drafting Teams, at times, may benefit from an outside, process-oriented perspective to overcome the challenges associated with Standard development. As noted previously in footnote 3, NERC Standards Staff and this subcommittee have developed a project management tracking tool that is posted on the NERC website.

Task No. 10: Outstanding Projects (on-going)

This task is an on-going item to increase collaboration with the NERC Standing Committees, Trade Associations, the Transmission and Generator Forums, NERC Staff and/or Regional Entity Staff on any emerging or new proposed projects.

Task No. 11: Coordination with Compliance (on-going)

This task is an on-going item to provide support and expertise to NERC Compliance and Enforcement on the potential impact and relationship between Standard-related issues and NERC's compliance documents.

Task No. 12: Standards Committee Communications and Planning Subcommittee

In the near future, the Standards Committee will consider whether to further institutionalize the communication framework developed by the Standards Committee Communications and Planning Subcommittee and NERC Standards Staff.

Task No. 13: Annual Review of the Strategic Plan and Strategic Work Plan

The Standards Committee is committed to evaluating the need for additional reforms and enhancements during a fourth quarter annual review process.

Other Standard Related Initiatives

The following two additional Standard initiatives will also assist to transform Reliability Standards to stable, high quality, technically sound Standards: (1) a cost-effectiveness analysis process (CEAP) and (2) the IERP. The CEAP is in a pilot, lessons learned status. The CEAP is currently designed as a two-phased approach:

Stage 1: an assessment of cost implications for proposed Standard projects to assist the Standards Committee's decision-making process on whether to proceed with a Standard.

Stage 2: cost-effectiveness considerations for the Standards Drafting Team and stakeholders on a draft Standard when compared to alternative draft Standards or approaches.

To date, the progress and stakeholder response to CEAP is encouraging. The Standards Committee is working with NERC Staff to effectively and efficiently move to a formal and institutionalized consideration of cost-effectiveness of Standard projects in 2014.

The IERP is five industry experts hired as consultants by NERC to review and grade the current set of Standards. The IERP report has been accepted by the Standards Committee to: (1) assist in the development of the 2014-2016 Reliability Standards Development Plan and (2) guide the work of *ad hoc* informal groups and Standard Drafting Teams. The report will be presented to the NERC Board of Trustees in August. Among its findings, the report indicates that some Standards are currently high quality and technically sound, while others are in need of work on clarity, retiring of unneeded requirements and moving requirements to operating guidelines, etc.

Conclusion

The Standard development reforms and enhancements implemented to date have positioned the Standards Committee and NERC Standards Staff to more effectively and efficiently transition to a set of stable, high quality, technically sound Reliability Standards in the 2014-2015 timeframe. The Standards Committee is also committed to evaluating the effectiveness of these reforms and implementing new or refined reforms to ensure that the Standards development process serves all involved: stakeholders, NERC, FERC and the Canadian regulators.