

## WESM - “A Day in the Life of a Standard”<sup>1</sup>

### **Overview**

The process for developing and approving Organization Standards and Business Practice Standards is generally based on the procedures of the American National Standards Institute (ANSI) and other standards setting organizations in the United States and Canada. The NERC process has the following characteristics:

**Due process** – Any person with a direct and material interest has a right to participate by: a) expressing an opinion and its basis, b) having that position considered, and c) appealing if adversely affected.

**Openness** – Participation is open to all persons who are directly and materially affected by North American bulk electric system markets and reliability. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in NERC or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.

**Balance** – The NERC standards development process shall have a balance of interests and shall not be dominated by any single interest category.

The NERC process develops consensus, first on the need for the standard, then on the standard itself. The process includes the following key elements:

- Nomination of a proposed standard, revision to a standard, or withdrawal of a standard using a Standard Authorization Request (SAR).
- Public posting of the SAR to allow all parties to review and provide comments on the need for the proposed standard and the expected outcomes and impacts from implementing the proposed standard. Notice of standards shall provide an opportunity for participation by all directly and materially affected persons. A notice shall be posted with the SAR, requesting that interested individuals complete and submit a Standard Drafting Team Self-nomination Form
- Review of the public comments in response to the SAR and public posting of the resolution of all posted comments
- Prioritization of proposed standards actions, leading to the authorization to develop, modify, or withdraw standards for which there is a consensus-based need.
- Assignment of appropriate NERC subcommittees, working groups and other parties to draft the new or revised standard.
- Drafting of the standard.
- Public posting of the draft standard to allow all parties to review and provide comments on the draft standard. Public posting of the resolution of all posted comments. At this point, the need for the standard has been established and comments should focus on aspects of the draft standard itself.

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<sup>1</sup> Excerpted from the latest draft of the NERC Organization Standards Process Manual.

- Field testing of the draft standard and associated measures. The need and extent of field-testing shall be determined during the authorization process considering the recommendation of the NERC Compliance Director and public comments. Field-testing may be industry-wide or may consist of one or more lesser scale demonstrations. Field-testing should be cost effective and practical, yet sufficient to validate the requirements, measures, measurement processes, and other elements of the standard. For some standards and their associated measures, field-testing may not be appropriate, such as those measures that consist of administrative reports.
- Determination of consensus on the standard as meeting the intent of the SAR and confirming its readiness for balloting.
- Formal balloting of the standard, practice, or procedure for approval by the Standards Ballot Pool using the NERC Weighted Segment Voting Model.
- Re-ballot to consider specific comments by those submitting comments with negative votes.
- Filing for adoption, if appropriate, with FERC and applicable Canadian Regulatory Agencies.
- An appeals mechanism as appropriate for the impartial handling of substantive and procedural complaints regarding action or inaction related to the standards process.

### ***Process Roles***

**Board of Trustees** – The NERC Board of Trustees has overall responsibility for assuring compliance with the integrity of the Standards Development Process. In fulfilling this responsibility the Board shall assure the public’s interest is considered in integrating reliability and commercial outcomes in conjunction with NERC’s Reliability Principles and FERC’s Market Design Principles. The Board shall file all standards related records and other actions with appropriate regulators.

The Board of Trustees shall serve as the Wholesale Electric Quadrant representatives to the North American Energy Standards Board.

**Stakeholders Committee** – The NERC Stakeholder Committee shall advise the Board of Trustees on problems encountered in the development or implementation of Organization and Business Practice Standards.

**Registered Ballot Body** – The Registered Ballot Body is comprised of the corporations, entities, and individuals registered in NERC’s Industry Segments. (See Appendix B for an initial listing of the Industry Segments.) Each member of the Registered Ballot Body is eligible to participate in the voting process for each Standards Action.

**Ballot Pool.** Each Standards Action has its own Ballot Pool formed of interested members of the Registered Ballot Body. The Standards Ballot Pool is comprised of those members of the Registered Ballot Body that respond to a pre-ballot survey for that particular Standard Action.

The Ballot Pool is responsible for assessing the need for and technical merits of proposed Standard Actions, and for assuring comments received in the process are provided due consideration. The Ballot Pool casts its votes electronically.

**Standards Authorization Committee** – The Standards Authorization Committee (SAC) consists of two members of each of the Industry Segments in the Registered Ballot Body, plus the Standards Process Manager. The SAC meets at regularly scheduled intervals (either in person, or by other means) to monitor and control the standards development process.

The SAC shall serve as the Wholesale Electric Quadrant's Executive Committee for joint actions with NAESB. The SAC shall assist NAESB by participating in their "triage" function to assure that standards affecting more than one of the NAESB quadrants are appropriately addressed.

**Standards Process Manager** – The Standards process shall be administered by a Standards Process Manager. The Standards Process Manager is responsible for assuring that the development and revision of standards is in accordance with this manual. The Standards Process Manager works to assure the integrity of the process and consistency of quality and completeness of Standards. The Standards Process Manager facilitates all steps in the process.

**Standards Process Staff** – NERC Staff will work under the direction of the Standards Process Manager in assisting in the drafting of Standards assigned for development. The NERC Staff, subcommittees, work groups and other interested parties assigned to work on a specific standard shall seek inputs and feedback from other subcommittees, working groups, or task forces. The staff may assemble additional necessary subject matter experts if an existing group does not contain the requisite expertise.

**Subcommittees, Working Groups, and Task Forces** – The subcommittees, working groups, and task forces within NERC serve an active role in the standards development process. Subcommittees, working groups, and task forces may initiate Standards Actions by developing SARS, they may post comments to Standards Actions, they may participate on Standard Drafting Teams, and they may assist in the implementation of approved standards.

They have a key role in serving as industry spokespersons by encouraging others within their NERC Region and Industry Segment to participate in the standards development process.

Following approval of a standard, subcommittees, working groups and task forces serve as industry monitors to assess the impact of a standard's implementation. They provide technical oversight to changing industry conditions, and identify the need for new standards.

Each subcommittee, working group, and task force shall perform these activities within its assigned scope and subject to the authority granted by the SAC. Appointments to Standards Drafting Teams shall be established early in the process, before authorizing the development of a standard.

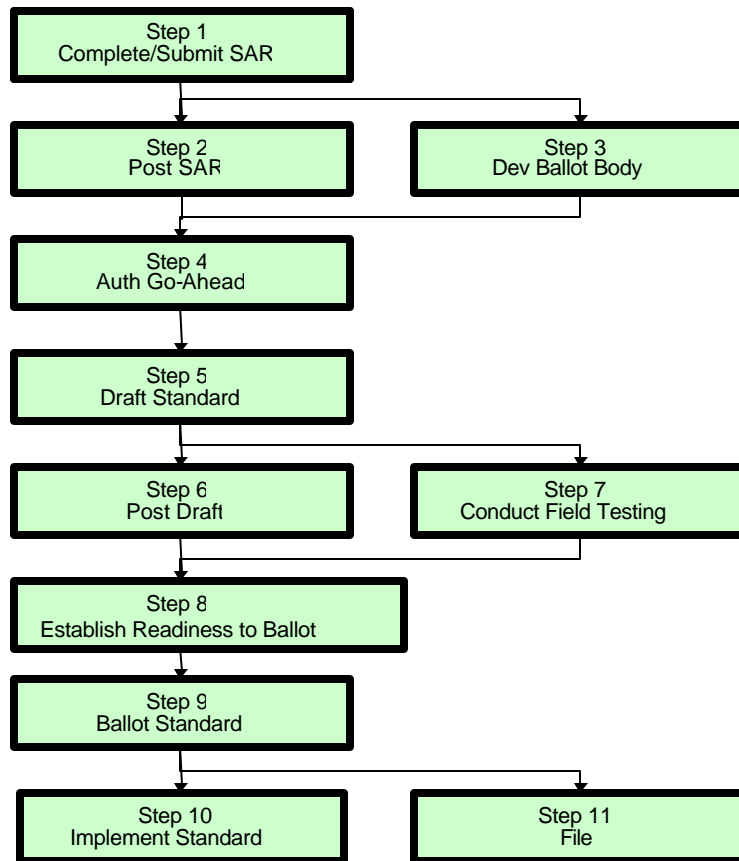
**Compliance Enforcement Staff** – The mission of the NERC Compliance staff is to manage and enforce compliance with NERC Organization Standards. The NERC Compliance staff shall assign a representative to the SAR Advisory Team and shall assign a representative to each Standard Drafting Team. Their objectives are to ensure that SARs and proposed organization standards contain measures that are objective and measurable and compliance elements that are realistic and enforceable. NERC Compliance Staff shall also manage and coordinate and field-testing of standards.

**NERC and Regional Reliability Council Members** – The members of NERC and the Regional Reliability Councils may initiate Standards Actions and may comment on proposed standards. Members may also affect the standards development process by lobbying members of the SAC and other stakeholder groups within NERC.

**Requester** – A Requester is any person (organization, company, government agency, individual, etc.) that submits a Standard Authorization Request (SAR) to initiate a Standards Action. Although the Requester will often be a NERC subcommittee, working group, or task force, any person or entity that is directly and materially affected by an existing standard or the need for a new standard may submit a SAR to initiate a Standards Action.

**SAR Advisory Team** - A small group of industry experts who review SARs and provide the Requestor with assistance in rewording the SAR so that it will contain the language needed to bring the industry to consensus on the need for a Standards Action. The SAR Advisory Team also helps develop responses to comments and participates in industry forums to facilitate discuss differing viewpoints on posted SARs. Each Industry Segment selects two individuals to serve a staggered three-year term on this team.

**Standard Drafting Team** – A small team of technical experts and NERC staff who work as a team to develop the technical details of a standard. When posting a SAR for the first time, the SPM will also post an associated request for completed, “Standard Drafting Team Self-nomination Forms”. The SPM assists the SAC in identifying candidates for these teams. Each team needs to have the technical expertise required to draft the standard, as well as support staff to ensure the standard is objective, measurable, within the scope of the SAR, etc. When making assignments, the SAC shall consider all individuals who have completed a self-nomination form. Standard Drafting Teams provide the technical details of a standard. They develop responses to comments and participate in industry forums to discuss differing viewpoints on posted draft standards.



### **Step 1 – Complete & Submit SAR**

Requests for a Standards Action shall be submitted to the Standards Process Manager (SPM) by completing a Standard Authorization Request (SAR). The SAR is a form used to collect and publicly post enough information on a proposed Standards Action to draw the industry to consensus on the need for the proposed action.

The SAR provides the scope, purpose and industry need for a proposed Standards Action. The SAR includes an assessment of the reliability, market interface and business practice impacts of implementing or not implementing the Standards Action.

Any person or entity directly or materially affected by an existing standard or the need for a new or revised standard may initiate a SAR. The person or entity that submits the SAR is the Requestor.

The following data is required with the initial submission – other fields may be completed as the SAR is developed.

- Basic information(name of requestor and requestor’s telephone number, fax number and email address)
- Purpose
- Industry Need

- Type of SAR (New, Revision, Withdrawal or Emergency action)
- Type of Standard (Organization Standard, Business Practice Standard, Other)
- Brief Description of Standard

The Requester shall submit the SAR to the Standards Process Manager (SPM) electronically and the SPM shall electronically acknowledge receipt of the SAR. The SPM shall assist the submitting party in developing the SAR and in verifying that the SAR complies with this manual. With the approval of the Requestor, the SPM will convene the SAR Advisory Team to assist in the development of the SAR.

The SPM shall forward all properly completed SARs to the Standards Authorization Committee (SAC). The SAC shall meet at established intervals to review all pending SARs. The frequency of this review process will depend on workload, but in no case shall a properly completed SAR wait for SAC action more than 60 days from the date of receipt. The SAC, guided by the Reliability Principles, Market Interface Principles, and Business Practice Principles, shall take one of the following actions:

- Remand the SAR back to the SPM for additional work. In this case, the SPM may request additional information for the SAR from the Requester.
- Accept the SAR.
- Reject the SAR.

If the SAC rejects a SAR, the SAC shall provide a written explanation for rejection to the Requester within 30 days of the rejection decision. The SPM shall inform the Requestor of the Appeals Process, and the Requester may file an appeal following that process.

### ***Step 2 – Post SAR - Solicit Public Comments***

Once a SAR has been accepted by the Standards Authorization Committee (SAC) as a candidate for the development of a new or revised standard, the Standards Process Manager (SPM) shall post the SAR at the next regular posting interval for the purpose of soliciting public comments. (SARs shall be posted and publicly noticed on the first workday of each month.)

The SPM shall post a request that interested parties complete a “Standard Drafting Team Self-nomination” form with each new SAR. If the SAC authorizes development of the SAR into a new or revised Standard, those individuals who complete and submit these self-nomination forms shall be considered for appointment to the associated Standard Drafting Team. The notice shall state that the drafting team will only be assembled if the associated SAR is approved to be developed into a new or revised standard.

The SPM will accept comments on the SAR for a 30-day period from the notice of posting. Comments shall be submitted on-line using an Internet-based application. The SPM shall provide a copy of the comments to the Requester and, if applicable, to the SAR Advisory Team. Based on the comments, the Requester may decide to submit the SAR for authorization, to withdraw the SAR, or to revise and resubmit it to the Standards Process Manager for another posting in the next available posting period. The SAR Drafting Team shall assist in the review of comments, the decision to continue or not, and any necessary revisions for another posting.

The Requester, assisted by the SAR Advisory Team and the SPM, shall give prompt consideration to the written views and objections of all participants. They shall make an effort to resolve all expressed objections. They shall advise each objector of the disposition of the objection and the reasons for that disposition. The SPM shall post all comments and their resolution. In addition, the SPM shall notify each objector of the Standards Development Appeals Process.

During the SAR comment process, the Requester or the SAR Advisory Team may become aware of potential regional differences related to the proposed Standards Action. To the extent possible any Regional Differences or exceptions should be made a part of the SAR so that, if the SAR is authorized, such variations shall be incorporated.

There is no established limit on the number of times a SAR may be posted for comment. To facilitate consensus building, the Standards Authorization Committee (SAC) may request that the SPM schedule one or more open industry forums to provide an opportunity to openly discuss widely divergent viewpoints. The SAC retains the right to reverse its prior decision and reject a SAR if continued revisions are not likely to result in consensus.

If the SAC rejects a SAR, the SAC shall provide a written explanation for rejection to the Requester within 30 days of the rejection decision. The SPM shall inform the Requestor of the Appeals Process, and the Requester may file an appeal, following that process.

### ***Step 3 – Establish Ballot Pool***

Once a SAR has been accepted by the Standards Authorization Committee (SAC) as a candidate for a Standards Action, the Standards Process Manager (SPM) shall send a survey to every entity in the Registered Ballot Body. The purpose of this survey is to establish a list of Registered Balloters who want to participate in the consensus development process and ballot the proposed Standards Action as defined by the SAR. The SPM shall publicly post the Standard Ballot Pool for each SAR.

### ***Step 4 – Authorize Drafting***

After reviewing the public comments on a SAR, the Requester may decide to submit the SAR to the SAC for authorization to draft the new or revised standard. The SAC shall review the comments received in response to the SAR and any revisions to the SAR. The SAC, considering the Reliability Principles, Market Interface Principles and Business Practice Principles and considering the comments received and their resolution, shall take one of the following actions:

- Authorize the drafting of the proposed standard or revisions to a standard.
- Reject the SAR.

If the SAC rejects a SAR, the SAC shall provide a written explanation for rejection to the Requester within 30 days of the rejection decision. The SPM shall inform the Requestor of the Appeals Process, and the Requester may file an appeal, following that process.

The SPM shall publicly post the SAC's decision and if a SAR is rejected, the reasons for the rejection.

### ***Step 5 – Draft the Standard***

When the SAC authorizes a SAR to proceed to the drafting stage, the SAC shall assign the proposed Standards Action a priority relative to other proposed Standards Actions under development.

The SAC shall assign the development of the Standards Action to a Standard Drafting Team. The SPM shall recommend a list of candidates for appointment to the team and shall submit the list to the SAC. The SAC may accept the recommendations of the SPM or may select other individuals to serve on the Standard Drafting Team. This team shall consist of a small group of people who collectively have the necessary technical expertise and work process skills.

In forming a Standard Drafting Team, the SAC shall consider individuals who completed a “Standard Drafting Team Self-nomination” form.

Teams assembled to draft Organization Standards shall include at least one member of the NERC Compliance Staff to ensure that proposed Organization Standards contain measurements and compliance penalties that conform to NERC’s Compliance Program.

The Standard Drafting Team shall meet and draft the new or revised standard and then submit the draft to the SPM.

The SPM shall review the draft standard for consistency of quality, for completeness, and for conformance to the scope and purpose of the authorized SAR. This review shall occur within a 30-day period. If the draft does not meet these requirements, the SPM shall return the draft to the Standard Drafting Team for additional work.

### ***Step 6 – Solicit Comments***

The Standards Process Manager (SPM) shall post draft SARs on the first workday of the month following the month in which they were received. The posting of the draft standard shall be linked to the SAR for reference. Comments on the draft standard shall be accepted for a 30-day period from the notice of posting. Comments shall be accepted on-line using a web-based application along with other electronic means.

Since the need for the Standards Action was established by authorization of the SAR, comments at this stage should identify specific issues with the draft and should propose alternative language. The comments may include recommendations to accept or reject the Standards Action and reasons for that recommendation.

### ***Step 7 – Conduct Field Testing***

The NERC Compliance Director shall review the draft standard and provide a recommendation to the Standards Authorization Committee (SAC) on an appropriate amount of field-testing. In some cases, measurement may be an administrative task and no field-testing will be required. In other cases, one or more limited scale demonstrations may be sufficient. Once the SAC authorizes field-testing, the SPM shall work with the Compliance Director to implement the field-testing.

For Field Testing of Business Practices, the SPM may request that the SAC recommend individuals to provide necessary assistance

### ***Step 8 – Establish Readiness to Ballot***

The Standards Process Manager (SPM) shall assemble the comments on the draft standard and distribute those comments to the Standard Drafting Team. The Standard Drafting Team shall give prompt consideration to the written views and objections of all participants.

The Standard Drafting Team shall make every effort to resolve objections. To facilitate this process, the Standards Authorization Committee may request that the SPM schedule one or more open industry forums to provide an opportunity to openly discuss widely divergent viewpoints.

The SPM shall post the resolution of each comment and shall inform each objector of the Appeals Process.

The Standard Development Team shall choose one of the following decisions:

- Submit the draft standard for balloting as it stands, along with the comments received and responses to the comments. Based on the comments received and field-testing, the assigned group may include revisions that are not substantive.
- Withdraw the request for a standard.
- Make substantive revisions to the draft standard by returning to Step 5 (Draft the Standard).

Once the Standard Drafting Team makes the determination that the comments and objections have been considered to the maximum extent possible and the best industry consensus has been achieved, the Standards Process Manager (SPM) shall post the draft standard with the notice of intent to establish readiness to ballot. The SPM shall post the draft Standards Action, all comments received, and the responses and resolution of those comments.

The SPM shall ballot the Standard Ballot Pool to confirm:

- The proposed standard is within the scope of the SAR
- The Standard Drafting Team has made a good faith effort to resolve all comments and objections
- The language in the proposed standard represents the best possible consensus

The purpose of this ballot is to confirm that all comments have been considered and as such consensus (not necessarily total agreement) has been reached. The opportunity to reject the standard, based upon a disagreement with the content or resolution of a comment, shall take place during the next step of the process.

The SPM shall conduct the ballot electronically, among all members of the Standard Ballot Pool. In no case shall the voting time window start sooner than 30 days from the notice of the posting to the Standard Ballot Pool. Typically, the voting time window shall be a period of 15 business days.

Each member of the Standard Ballot Pool may vote on one of the following positions:

- Affirmative - maximum consensus achieved – proceed to ballot
- Negative, with reasons. These reasons should not be those that have been addressed through the comments submitted, even if the member does not agree

with the resolution as the purpose of this ballot is to confirm that all comments have been considered and as such consensus (not necessarily total agreement) has been reached. The reasons provided should include specific wording or actions that would resolve the objection.

- Abstain

Establishment of consensus and readiness to ballot requires all of the following:

- A quorum - A quorum, which is established by at least 75% of the members of the Standard Ballot Pool submitting a response with an affirmative vote, a negative vote, or an abstention
- No ballots returned with reasons - If ballots are returned by any members of the Standard Ballot Pool that indicate specific wording or actions that would resolve the objection and achieve consensus, the Standards Action shall be re-drafted and re-posted to include the proposed changes.
- A simple majority of votes cast is affirmative - The number of affirmative votes cast shall be divided by the sum of affirmative and negative votes cast to determine if a simple majority has been achieved. This shall exclude abstentions and non-responses.

Once the ballot results have been determined, the Standards Process Manager (SPM) and the Standard Drafting Team shall proceed with one of the following:

- Without a quorum, the SPM shall post a notice declaring that the original Ballot Pool has been disbanded; the SPM shall solicit a new Ballot Pool (Step 2) and then repeat Step 6 (Post the Draft) and Step 8 (Establish Readiness to Ballot) of this process
- With an affirmative result, submit the draft standard for balloting as it stands, along with the comments received and responses to the comments.
- Withdraw the request for a standard.
- Revise the draft standard by returning to Step 5 (Draft the Standard).

### ***Step 9 – Ballot Standard***

If the draft Standards Action is submitted for a ballot, the Standards Process Manager (SPM) shall post electronically the draft, all comments received, and the responses and resolution to those comments and shall notify the Standard Ballot Pool.

The SPM shall conduct the balloting electronically. All members of the Standard Ballot Pool who completed a form indicating they wanted to be an active member of a specific Standard Ballot Pool shall be eligible to vote on that Standard. (Each standard has its own Ballot Pool.)

The SPM shall designate the time window for voting when the draft standard is posted to the Standards Ballot Pool. In no case shall the voting time window start sooner than 30 days from the notice of the posting to the Standards Ballot Pool. Typically, the voting time window shall be a period of 15 business days.

Approval of a Standards Action requires both:

- A quorum, which is established by at least 75% of the members of the Standards Ballot Pool submitting a response with an affirmative vote, a negative vote, or an abstention; and
- A two-thirds majority of the weighted segment votes cast is in the affirmative.

The details for determining quorums and two-thirds Weighted Segment Vote are described in the NERC Weighted Segment Voting Model.

Each member of the Standards Ballot Pool may vote one of the following positions:

- Affirmative
- Affirmative, with comment
- Negative
- Abstain

The Standards Process Manager shall post the final outcome of the ballot process. If the standard is rejected, the process is ended and any further work in this area would require a new SAR.

#### ***Step 10 – Implement Standard***

A standard approved by the Ballot Body shall become effective on the date indicated in the standard's implementation plan. The SPM shall publicly post the standard, showing the final status.

The Board of Trustees has established a separate Compliance Enforcement Program to measure compliance with Organization Standards and to administer sanctions as appropriate.

All persons and organizations subject to the Bylaws of NERC are required to comply with approved Organization Standards in accordance with those Bylaws and other applicable agreements.

The NERC Compliance Director shall oversee the implementation and assess the effectiveness of approved Organization Standards.

#### ***Step 11 – File Standard***

The Board shall file approved standards with FERC and the appropriate Canadian regulators for their consideration in conjunction with approved tariffs.

Organization Standards shall be filed with applicable regulatory agencies in the United States, Canada, and Mexico as required to implement the NERC Compliance Enforcement Program.

# Elements of a Standard



**Core Elements**

**Compliance Information  
Elements**

**Supporting Information  
Elements**

# Core Elements

<b>ID</b>
<b>Title</b>
<b>Effective Date and Status</b>
<b>Purpose</b>
<b>Requirements</b>
<b>Applicable to:</b>
<b>Measures</b>
<b>Expected Performance</b>

# Compliance Information Elements\*

Compliance Monitoring  
Process

Levels of Non Compliance

Sanctions

**\*Only for those Standards for which NERC intends to monitor and enforce compliance.**

# Supporting Information Elements

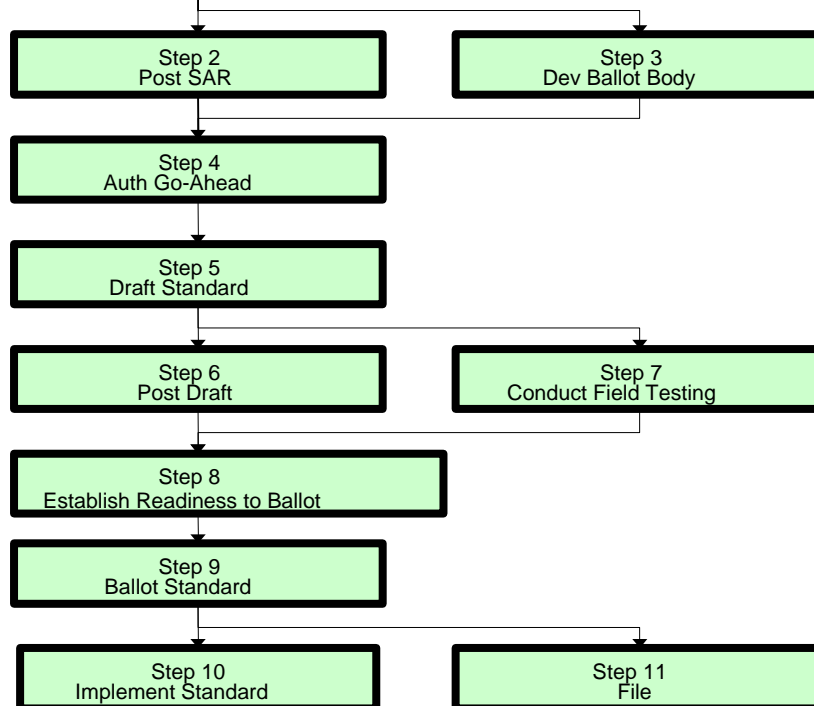
**Interpretations**

**Relationships**

**Implementation Plan**

**Supporting References**

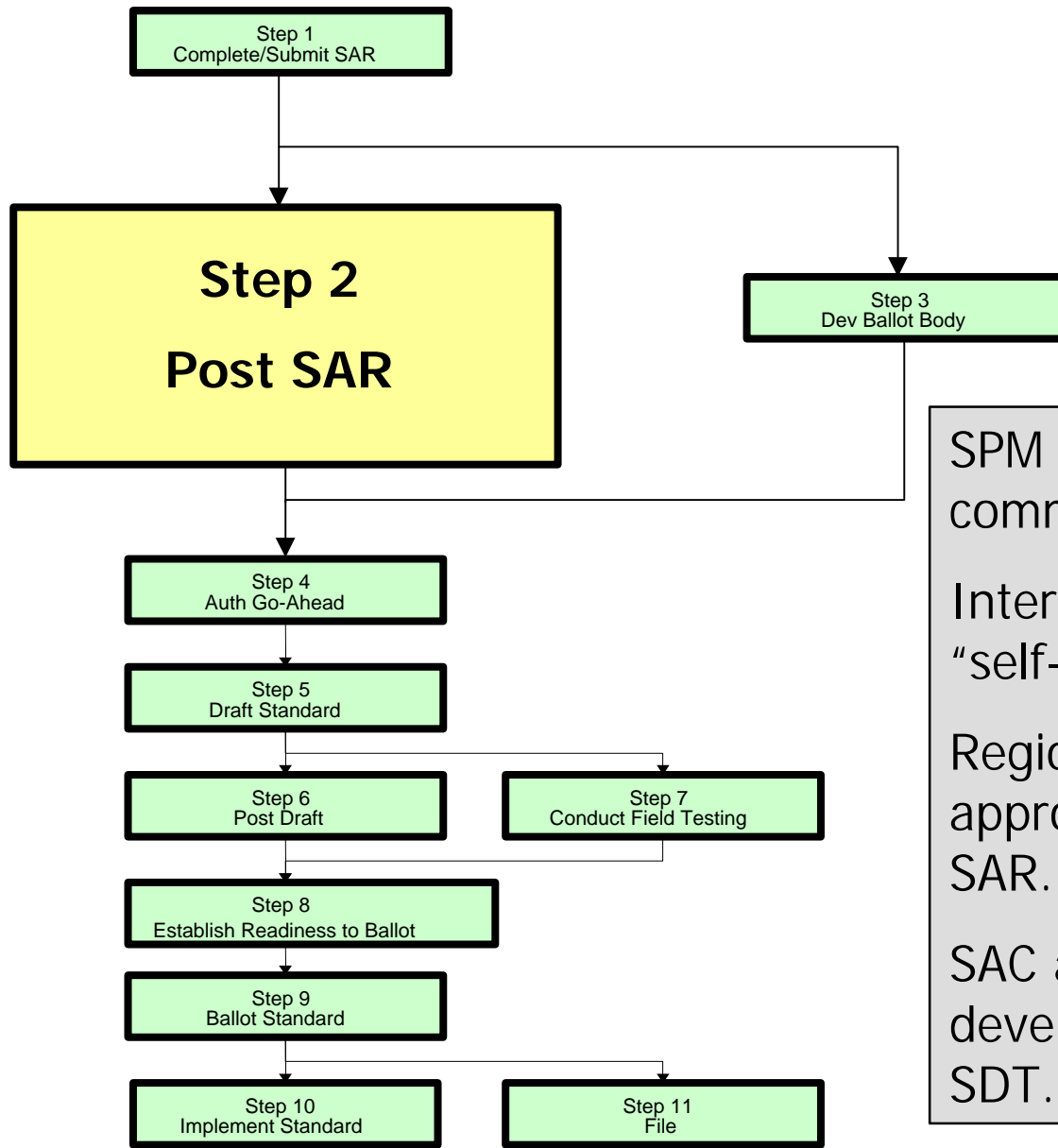
# Step 1 Complete & Submit Standards Authorization Request (SAR)



SPM and SAR Advisory Team (2 reps per segment) help requestor complete and submit SAR.

SAC accepts or rejects proposed SARs.

SARs, a unique feature of the new NERC standards development process, help determine consensus on need for new or revised standard before drafting begins.

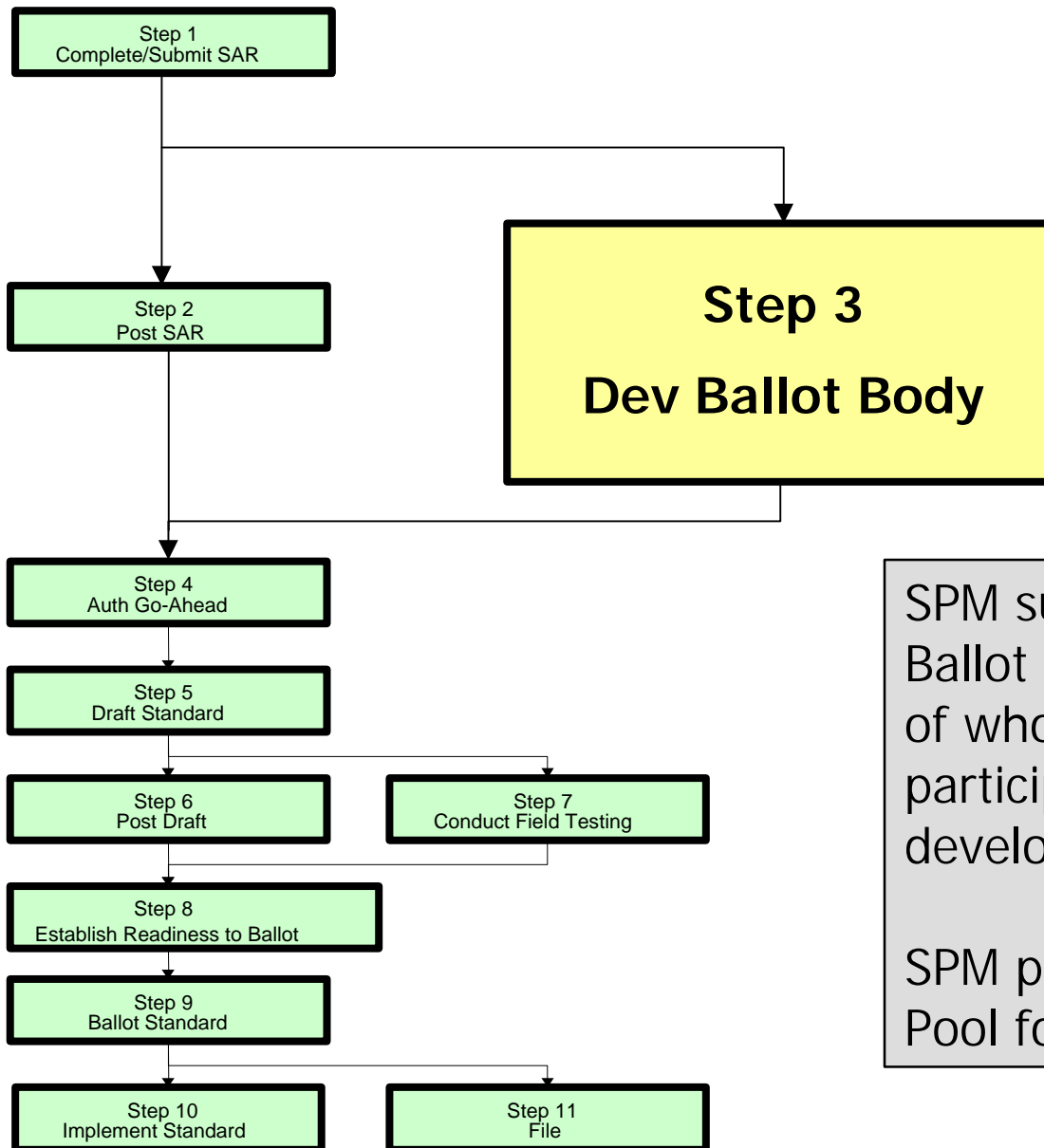


SPM posts SAR for public comments.

Interested parties may “self-nominate” to join SDT.

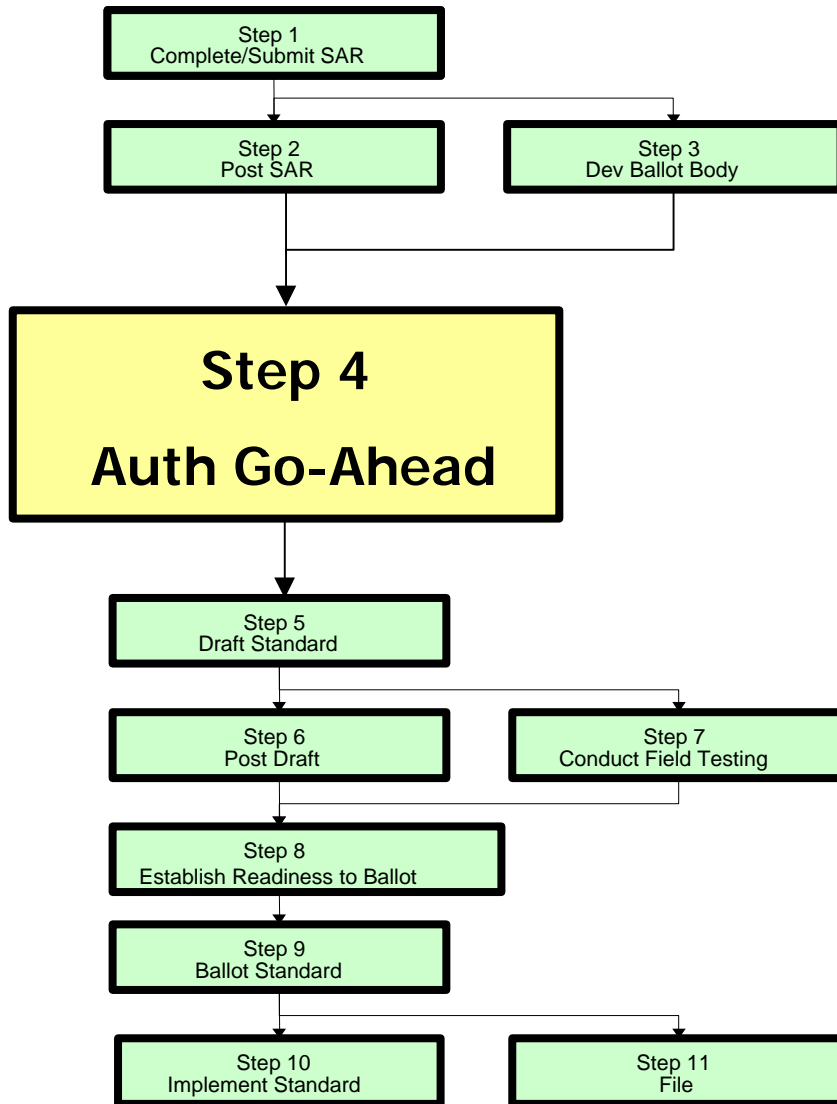
Regional differences, if appropriate, included in SAR.

SAC authorizes SAR for development and names SDT.



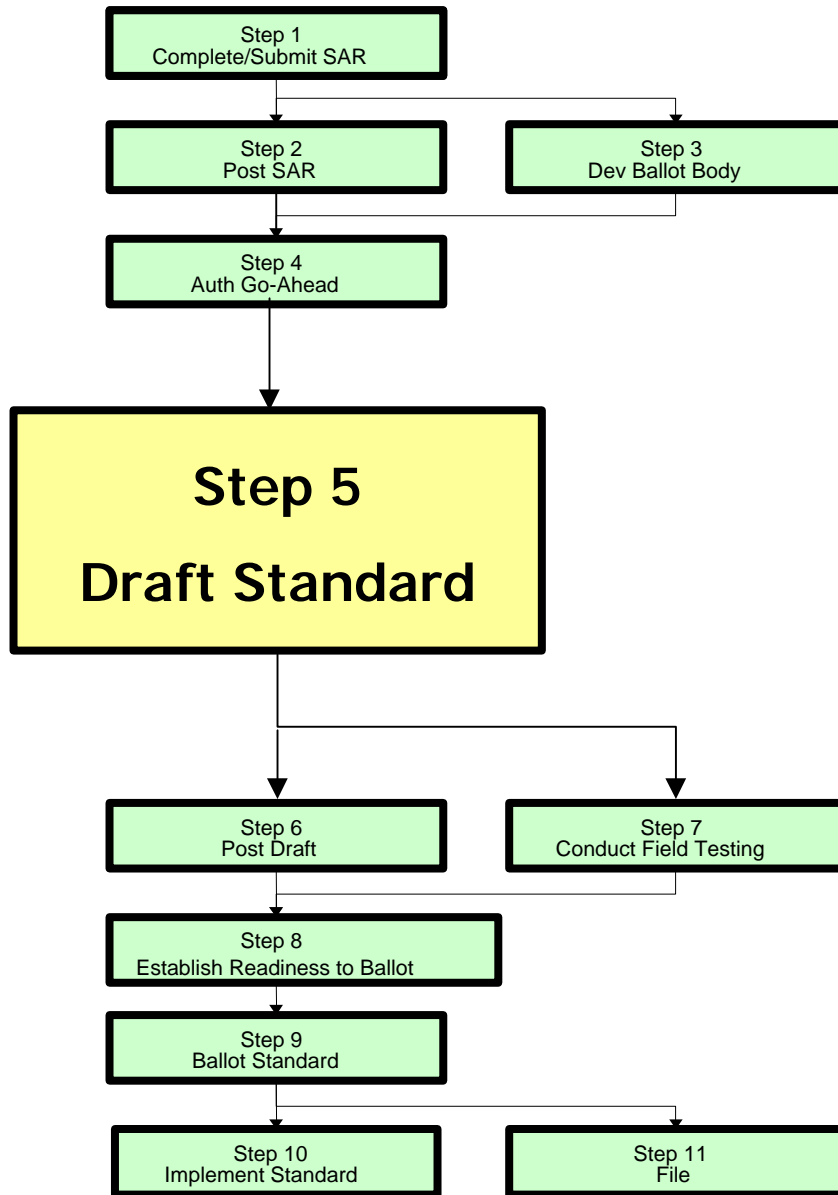
SPM surveys Registered Ballot Body to establish list of who is interested in participating in consensus development process.

SPM posts Standard Ballot Pool for each standard.

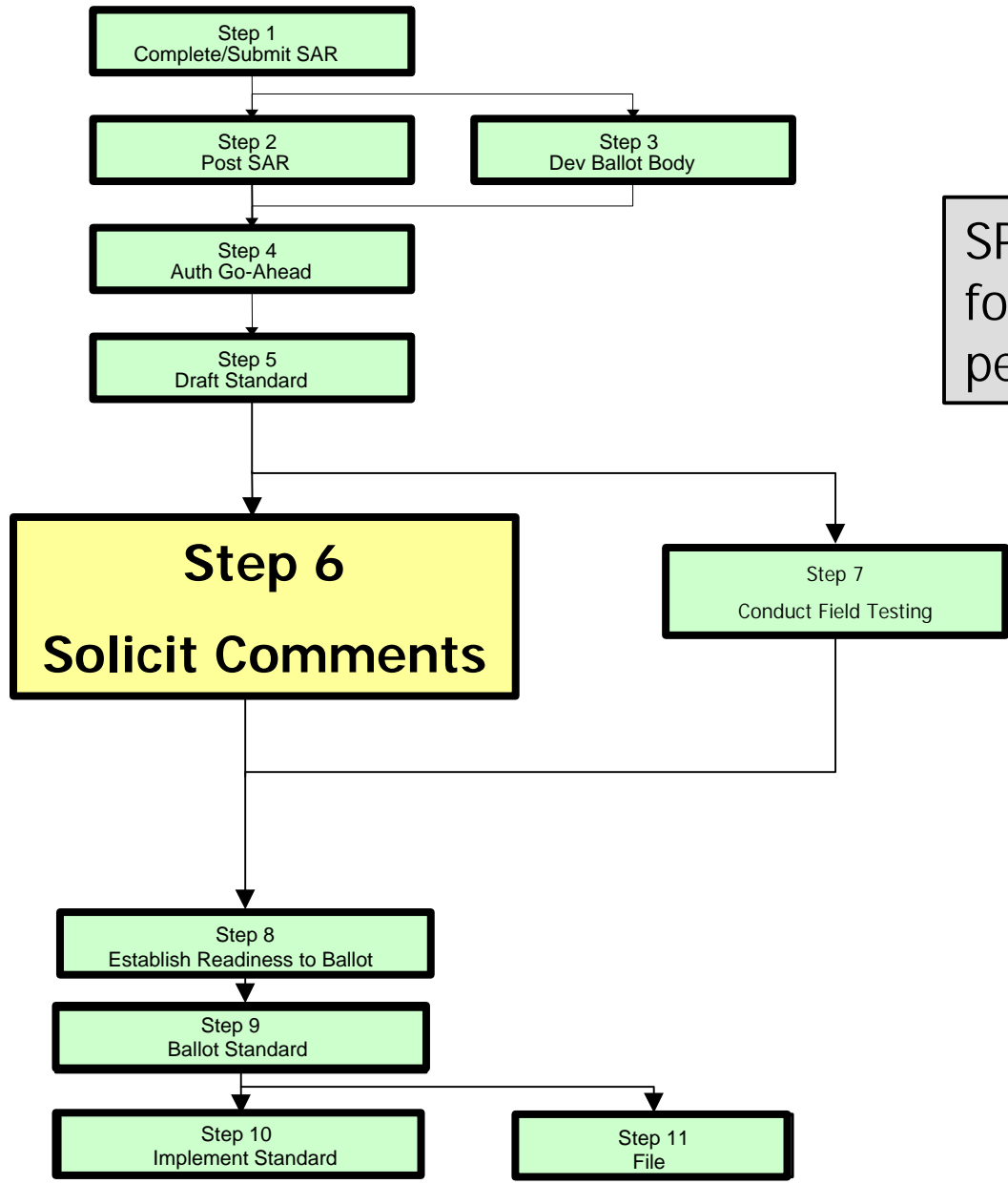


SAC reviews comments on SAR, and decides whether to authorize go-ahead on drafting standard.

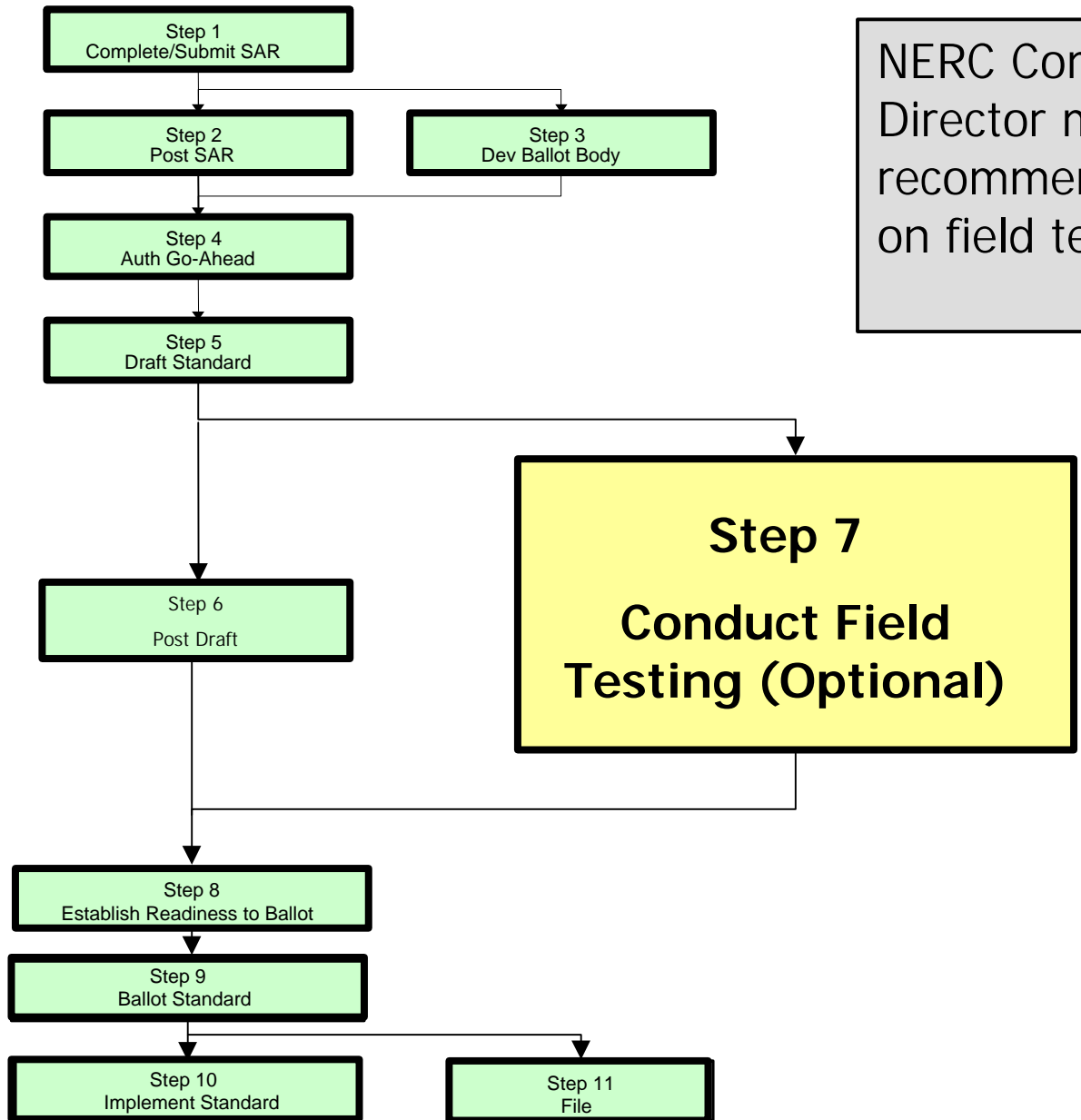
SAC assigns priority and appoints SDT.



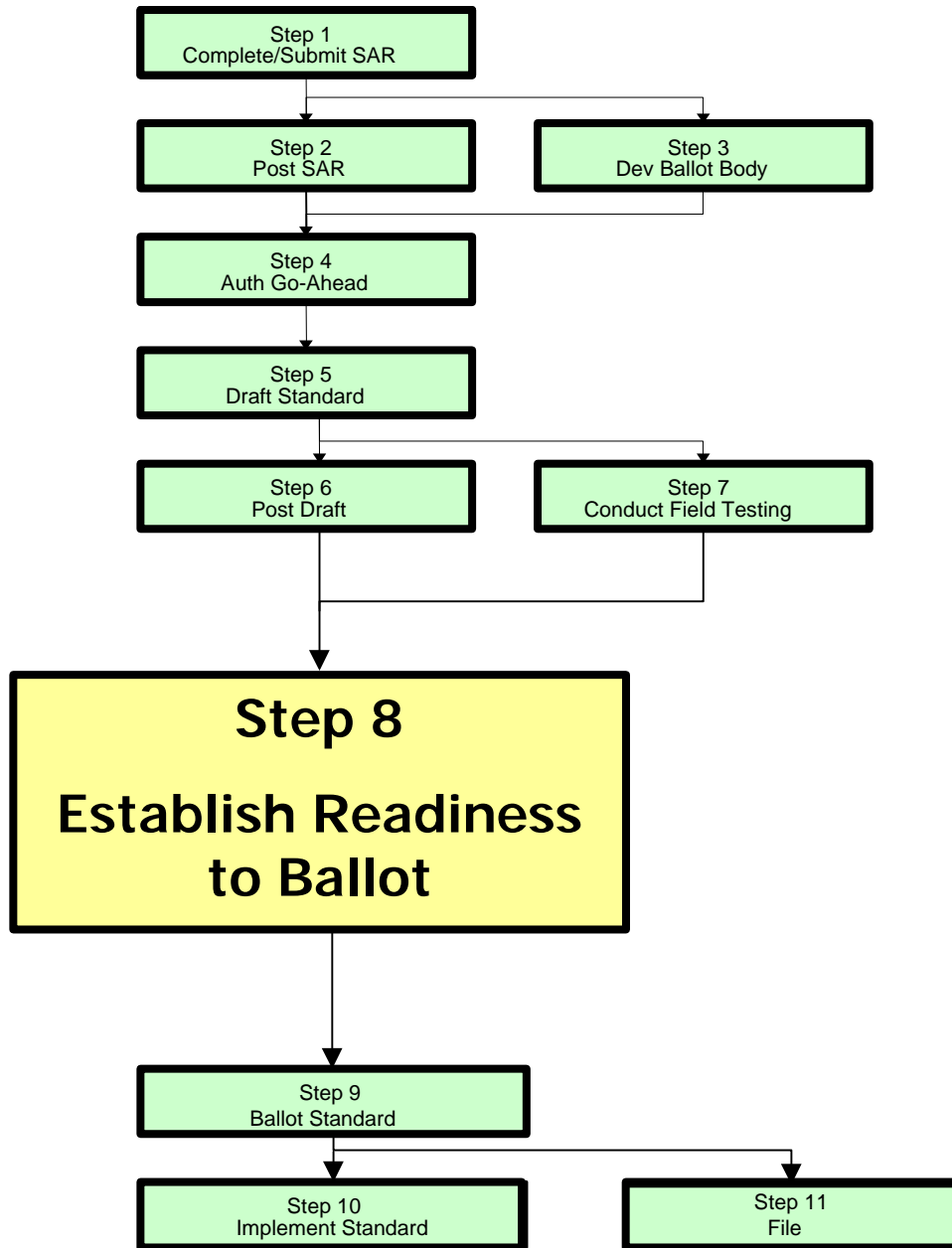
SPM works with SDT to draft proposed standard.



SPM posts draft standard for 30-day comment period.



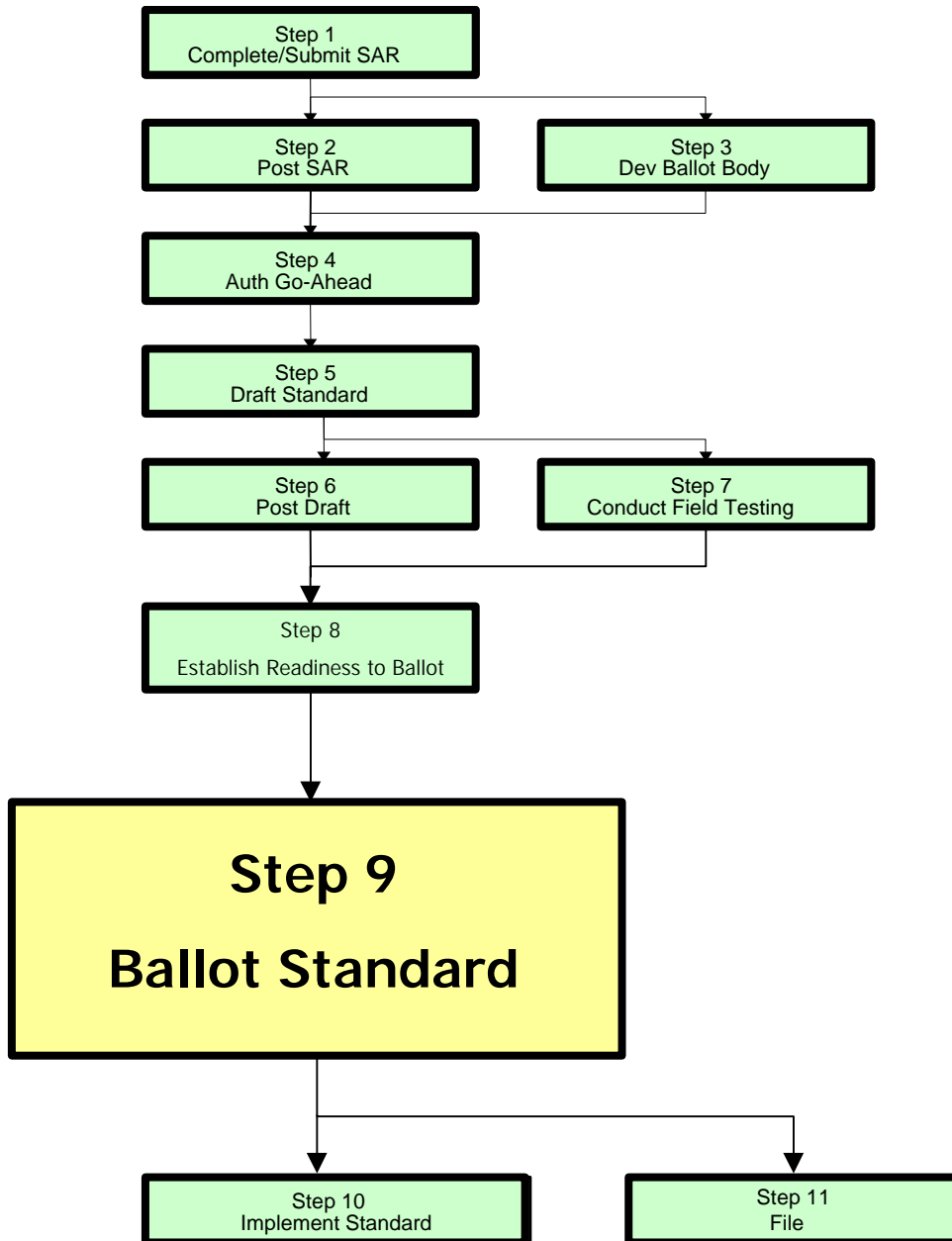
NERC Compliance  
Director makes  
recommendation to SAC  
on field testing, if needed.



SDT considers all comments.

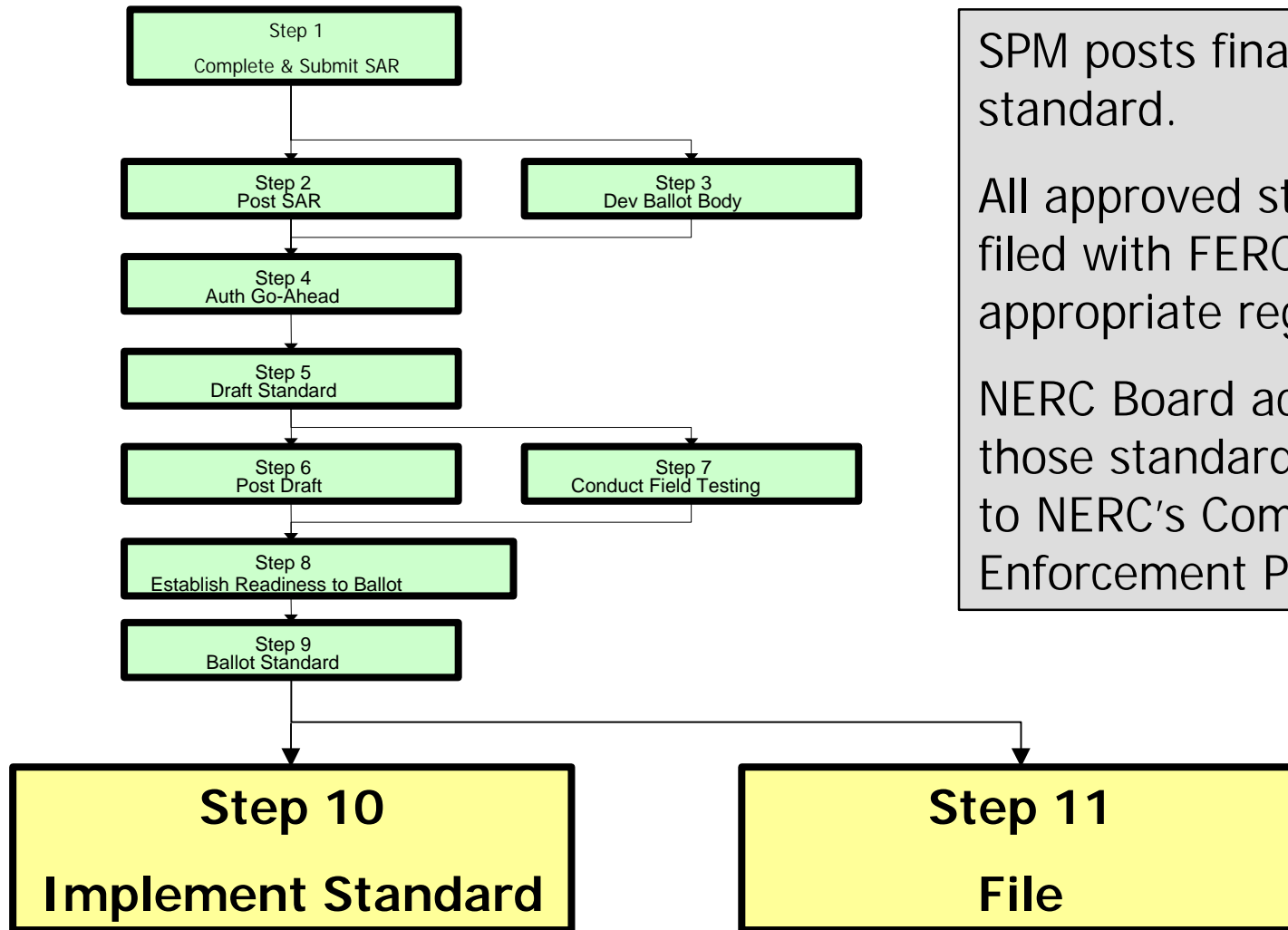
All comments and disposition posted.

Draft standard sent to Ballot Pool to determine consensus that all comments have been addressed, and standard is ready for final ballot.



Formal ballot of standard by Ballot Pool.

Approval requires 75% quorum and 2/3 weighted segment vote.



SPM posts final action on standard.

All approved standards filed with FERC and other appropriate regulators.

NERC Board acts to adopt those standards applicable to NERC's Compliance and Enforcement Program.