Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
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Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Governance

Organization				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Stakeholder Board/ Executive Committee/ Subcommittee	Same as NAESB	Board and Executive Committee in accordance with NAESB charter and bylaws	Independent Board/ Stakeholder Committee/ Standards Authorization Committee/ Standing Committees	A stakeholder board for developing business practices and an independent board for reliability may be an alternative.

Issues:

1. **One Structure or Two?** – The first issue to be resolved prior to discussion on governance, process or any of the other issues itemized in the matrix is "Are there one or two organizations developing business standards?
2. **Stakeholder versus Independent Board** A hybrid board -- part stakeholder and part independent may be an alternative (J.D. Puckett). Is this a big issue? (Jim Hartwell). It may only be one if FERC considers it so. The independent board has appeal because of its neutrality (LuAnn Westerfield). A hybrid EC may also be an alternative. A stakeholder board for developing business practices and an independent board for reliability may be an alternative (Bonnie Suchman).
3. **Committees**. The role of standing committees should be considered including the nature and role of subcommittees, which should be clearly documented. (Scott Brown, Exelon). The specification should include who can sit on a standing committee in addition to its role. Is it appropriate to have forums that can propose standards? (Gerry Cauley, NERC).
4. **Board.** There should only be one board (J.D. Puckett, DENA).
5. **Jurisdiction.** FERC does not have subject matter jurisdiction over reliability standards. Where do policy issues go for resolution? (Dave Cook – NERC) Are distinctions being made about reliability standards not being within FERC jurisdiction, as several are contained with tariffs? (Marjorie Phillips – Exelon). This statement that FERC does not have subject matter jurisdiction is not necessarily correct because historically it is more a lack of exercise of authority and a constraint of resources on FERC's part. (B. Lamb - PJM). If the rules appear in the tariff, why wouldn't they be FERC jurisdictional? RTOs have reliability responsibility and RTOs are the jurisdiction of the FERC. (R. Flanders – FERC). This issue should be eliminated from these deliberations. Whether or not FERC has jurisdiction over reliability rules is moot with regard to the task at hand. Historically, FERC has delegated reliability standard making (and enforcement) to the Electric Industry. By virtue of the December 19, 2001 order, FERC also delegated the development of business standards to the industry. The industry has been assigned this task by FERC. (*"We prefer that the industry develop these business practice standards and communication protocols by establishing a single consensus, industry-wide standards organization for the wholesale electric industry, and we understand the industry is in the process of trying to develop such a standards organization."*) (Karl Tammar, NYISO)
6. **Independent Board.** An independent board is needed for reliability standards – it should not be left to a consensus-based process. The committee structure may be the same in standards development but when the board acts on reliability standards, it must exercise its judgment as an independent board (not bound to results of the consensus process) including setting timetables. (Cindy Bogorad – TAPS)
7. **Board Responsibilities –** the Board does not approve the standards in either the NERC WESM model or in NAESB. However for those standards that are enforceable, the Board may have a different role. (Dave Nevius and Dave Cook – NERC, Jim Templeton - NAESB). Coordination of policy decisions would be the purview of the Board of Trustees. (Dave Cook)
8. **Electronic Scheduling Collaborative –** What is the role of the ESC governance documents and bylaws? (Keith Sappenfield – PanCanadian)
9. **Single Organization** -- A single organization is critical for both wholesale and retail electric issues and reliability and commercial practices as well as a technical staff is needed. Will NAESB be willing to handle changes to the board to allow for an independent board? (John Anderson - Elcon). The NAESB board can entertain structure changes. (NAESB – Rae McQuade) Is one organization or two setting reliability practices? (Bonnie Suchman – CEA).
10. **Scope**. The scope should be limited to business and commercial standards. Reliability issues should be addressed in NERC. (Drew Kovolak – MAPPCOR) Others noted that the standards are too intertwined and cannot be separated (B. Lamb – PJM). The FERC order notes business practice standards -- not reliability standards development only coordination, and there is an established reliability process in the west to address reliability issues. The industry meetings underway are notably lacking meetings in the west. Reliability standards need to be addressed by a regional interconnection-based organization and business practices should well be addressed by the RTOs. (Karen Adderley – BC Hydro)

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11. **Implementation/Enforcement**. Who has authority for the implementation/enforcement of the standards? (Joel Dison – Southern) – This should be made as a row in the spreadsheet with responses provided. (D Dworzak – EEI) (See page 8)

12. **Establishment of Reliability Policies:** For WESM, reliability policies adopted by NERC Board of Trustees based on recommendations of Stakeholders Committee. Policies at Regional level adopted by Regional Councils based on their stakeholder processes (Dave Cook, NERC)

Voting Methodology for Standards Adoption

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Super Majority Balanced Segments	Same as NAESB	Largely identical to NAESB charter and bylaws. EW quadrant procedures could include initial set of subcommittees, including relationships between subcommittees and quadrant Executive Committee, and formation of working groups. Open participation and voting on standards at all subcommittee meetings; options for electronic balloting. EC with five sectors, possibly six; generation, transmission, distribution, customers, and marketers. Sixth possible sector is RTO. Supermajority affirmation required for approval and ratification at all balloting levels.	Weighted sector/independent Board adoption – the board adoption is for compliance/enforceable standards	1. Voting on reliability standards may require a separate structure rather than consensus used for business practices. 2. Should state Commissions vote on standards and how do they vote? (LuAnn Westerfield)

Issues:

1. **ANSI**. Which process passes muster at ANSI? This issue should be moved to the 'ANSI Accreditation' subcategory. (Karl Tammar, NYISO)
2. **FERC**. FERC has noted that it does not support allowing a segment to block passage of a vote as a general FERC policy for RTO governance. In response to this comment, a FERC staff person disagreed.
3. **Board Control**. Can the board over-ride standards adopted?
4. **State Regulatory Voting.** Where would State Commissions vote? Should this be added in the "Other" column per NARUC? The NARUC comments should be considered as draft. (LuAnn Westerfield) Should this issue be moved to the 'Role of State Commissions' subcategory? The central issues raised there relate to voting. (Karl Tammar, NYISO)
5. **Voting and segments**: There is a debate on whether states should vote on the standards. (Joe Rossignoli – National Grid, Diane Barney – NY PSC) The sectors as defined in the WESM model provide for a better voting model; need separate voice for the TDU member interests. VIU should not vote in multiple segments. (Cindy Bogorad – TAPS). A sixth segment is needed as described in the EEI model (Jamil Nasir – National Grid)
6. **WESM Voting** -- Can one vote carry a sector in the WESM model? (Ed Davis Entergy) Yes, after minimum thresholds are met for the sector. (Dave Nevius – NERC)
7. **NAESB Voting** -- NAESB final voting to approve standards is restricted to paid members, which is a concern. (Charlie Acquard - NASUCA, John Anderson – Elcon)
8. **Subcommittees.** Can subcommittees stop the standards from moving forward?

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Governance

Voting Membership for Standards Adoption

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other

Issues:

Role of NERC Board

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Separate from the NERC Board	Possible convergence with NAESB Board - hybrid	Appealable function	–Under the WESM proposal, the Board does not approve standards. WESM also proposes that the NERC Board members would serve as the Board members of the WSEQ of the NAESB Board.	NERC responsible for setting reliability standards.

Issues:

1. **Appeals.** The appealable function may be used for in addition to the NAESB procedures: (1) at triage for assignment, (2) to prevent bottlenecks during standards development and (3) at the end of the process to vet the standards through NERC. (EEI). This is very important should a single segment be permitted to block passage of a standard.

2. **NERC Role.** It may be difficult to give up a trustee relationship for reliability issues. An independent NERC Board develops core reliability standards and basic principles -- for which it has been entrusted. The NERC Board would not agree to share this responsibility. However, a common forum could be used to develop supporting business practices. (NERC). There is a role for the NERC Board, which is not necessarily in conflict with the NAESB organization. (Keith Sappenfield**)**

3. **Approval of Standards**. Today, the NERC Board approves reliability standards, following approval by the ballot pool of 105 members of MIC, OC and PC. In the WESM proposal, a weighted segment vote is used to approve all standards. The Board would still vote to establish reliability policies and principles and also vote to establish compliance and enforcement requirements. (Dave Nevius – NERC). Compliance, performance measures, sanctions and enforcement activities should be separated from the standards setting activities. (Ken Wiley – Fla RCC). In the NAESB model, this separation is the case. (Bill Boswell – NAESB).

4. **Compliance/Enforcement**. Assignment of compliance and enforcement of standards should be the role of the regulatory organizations. (B. Lamb – PJM). This issue should be moved to the 'Compliance and Enforcement' subcategory. (Karl Tammar, NYISO)

5. **Independent Board.** An independent board is needed for reliability standards – it should not be left to a consensus-based process. The committee structure may be the same in standards development but when the board acts on reliability standards, it must exercise its judgment as an independent board (not bound to results of the consensus process) including setting timetables. (Cindy Bogorad – TAPS)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Governance

Segments				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Per the Electric Wholesale Quadrant	(1) TOs/ISOs/RTOs/ITCs, (2) Generators, (3) Marketers/Aggregators, (4) LSEs/Distribution/TDUs, (5) Consumers, State Regulators	(1) Generation, (2) Transmission, (3) Distribution, (4) Customers, and (5) Marketers. Possible sixth; RTOs. Issue: role of vertically integrated utilities.	(1) TOs, (2) RTOs/ISOs/RRCs (3) LSEs (4) TDUs (5) Generators (6) Brokers/Aggregators/Marketers (7) Large End Users (8) Small End Users (9) Fed/State/Prov. Reg./Gov. Entities	Entergy proposal for segments – (1) Gens, (2) TOs, (3) Retail load service, (4) Wholesale market and (5) Reliability.

Issues:

1. **Membership in Segments**: How are members and non-members addressed within segments? (Scott Brown) The WESM proposal does not identify specific subcommittees for drafting of standards. The Standards Authorization Committee (SAC) will appoint Standards Drafting Teams (SDTs) made up of subject matter experts. All meetings, including drafting meetings, are open. Members of the SDTs determine when a draft standard is ready to be sent to the SAC for authorization to post for comment or for ballot.. (NERC). Regional balance should be reflected in the segments. (NERC).
2. **Services Segment**. There should be a place for service providers in the segments defined. (Bob Rosenthal, PA PUC).
3. **Segment Responsibilities**: What other responsibilities and voting do segments support that are not related to standards approval and development? (Charles Yeung) The roles of the segments should be identified.
4. **Determination of Segments**: There should be a fair and open process for determining the segments that is clearly documented. There should be as many segments as needed and can be populated by industry stakeholders. If a segment is not adequately populated, action could be taken to make adjustments to the segments in an open, fair and clearly defined process. The process to define when a segment can be adjusted should be developed at the same time that the open, fair and clearly defined process is developed to determine how initial segments should be defined. There should be a segment defined for not-for-profit entities. (NRECA).
5. **Number of Segments**: The more the end user customers segment is watered down, the less buy-in will be forwarded from the end user customer community. They are resource constrained and ultimately pay for the end product. Elcon is strongly opposed to both the Industry Collaborative Entities (EPSA) and "Other" proposed Segments as presented in this matrix. The EPSA segments include State Regulators in the Consumer segment and the "other" proposal doesn't even have a place for consumers. As defined, both the EPSA and the Other models are non-starters for Elcon. (John Anderson – Elcon)
6. **Transmission Interests** – A sixth segment to reflect pure transmission entities should be created to represent parties that have direct market interests. (Jamil Nasir – National Grid).
7. **Stacking of Interests -** Stacking of interests by companies that join multiple segments do not seem to be prevented by the NAESB bylaws. (Joe Rossignoli – National Grid). Companies who have interests in multiple segments should be able to join multiple segments. (Ajay Garg - Hydro One)
8. **TDU Interests -** There is the need for a separate TDU segment to support its interests. (Cindy Bogorad – TAPS)
9. **Consumers -** The consumer segment should be separated from the state regulators. (Bruce Ellsworth, NAESB Advisory Council)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Governance

Multi-Segment Representation

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Permitted -- NAESB bylaws	Permitted	Companies can join multiple segments.	The task force has determined to allow multi-segment representation -- which also allows voting.	

Issues:

1. **Multiple memberships by a corporation:** Does this apply to only vertically integrated companies or to other corporations? (Including voting at the standards approval level).
2. **VIUs**. VIUs should not vote in multiple segments (Jamil Nasir – National Grid, Cindy Bogorad – TAPS)
3. **Police Function on Gaming.** There must be a police function if companies are permitted to join multiple segments to ensure against gaming. (John Anderson – Elcon). In the WESM model, the NERC Board would evaluate actions to ensure that there was no gaming. The NAESB organization has not to date seen this problem. The NAESB quadrants may draft their own provisions to ensure that a member has a legitimate business interest, and have provisions for removing members from the EC and from the Board. Retail quadrants are in the process of drafting such procedures (Bill Boswell – NAESB, Keith Sappenfield - PanCanadian).
4. **Exclusivity.** The process should allow for a company to join any segment in which it has a business interest or it may be considered exclusive. (Gary Jackson – TVA, Joel Dison – Southern).
5. **ANSI.** The ANSI determination on whether it would grant accreditation if the organization allowed that a member could join only one segment is not known. (Joe Rossignoli – National Grid)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Relationship Between Business Practices and Reliability

Convergence

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Open issue for Electric Wholesale Quadrant to decide	Convergence under single process	Not addressed specifically in framework, however, electric wholesale quadrant procedures could accommodate many alternatives. NERC could propose and/or adopt standards independently in its Organization Standards process, forward for NAESB consideration and voting. A tightly bounded set of "pure reliability" standards could be defined as exclusively reserved for development at NERC, move through NAESB on a rebuttable presumption voting process. NERC could propose standards for development in NAESB process. All electric-related NAESB standards could allow special reconsideration process for reliability issues within appeal process. NERC could identify high priority reliability themes for NAESB Annual Plan.	Converge under WESM	Strong coordination needed between efforts that establish reliability and business practice standards

Issues:

1. **Consistency**: NRECA believes that any standards setting process must ensure that business and market standards be consistent with and conform to reliability requirements and market design.
2. **ANSI**: An independent board is permissible for ANSI accreditation. (Gerry Cauley – NERC)
3. **Scope**. Regionality should be defined for reliability for the bulk power system. (Ed Thompson – ConEd).
4. **Convergence**. Absolutely essential that the wholesale and retail and commercial and reliability issues for the electricity market should converge. (John Anderson – Elcon, Jack Hawks – PG&E NEG). The reliability and commercial issues cannot be separated. (Dave McMillan – Calpine). Standards may be set in one process and organization and the issues of compliance and enforcement handled separately. There are commercial aspects of setting reliability standards, and there are business practices standards that may be set without reliability overtones (Martin Amati – Niagara Mohawk). As a consensus is reached many of these issues will be vetted and it will be worked out (Vann Prater – Dynegy). Separate subgroups should be used to review the standards developed even if one group defines them. (Jamil Nasir - National Grid)
5. **Definition**. Should anyone suggest two separate organizations, it would be encument on them to provide a sufficiently specific definition for a reliability standards and commercial standards to avoid duplication of activities between the organizations. (Barry Green – Ontario Power Generation)
6. **Reliability elements of commercial standards**. The reliability elements of commercial standards should be reviewed by the NERC Board. (Cindy Bogorad – TAPS). This would be possible as standards are developed, and in addition, NERC staff could participate in its development. A similar vetting process was used by GISB with Sandia regarding electronic standards. (NAESB - Bill Boswell, Jim Buccigross). What happens if as a result of the vetting process by either Sandia or the NERC Board, the standard is rejected? (John Anderson -- Elcon) It is the expectation that the concerns would be addressed prior to the standards being adopted. (Bill Boswell – NAESB)
7. **Coordination**. The goal is coordination, not necessarily putting all activities in the same organization. Reliability must be paramount. (Karen Adderley – BC Hydro). In agreement with the prior statement, convergence is over-rated. (Drew Kovolak – MAPPCOR)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Relationship Between Business Practices and Reliability

Compliance and Enforcement

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
None. Voluntary compliance. Status reports on standards and development would be provided to any government agency that requests such. NAESB would not advocate in front of any regulatory agency.	Facilitated by a separate organization.	Identified as critical unresolved issue.	For business practice standards and communications protocols, compliance and enforcement would be by FERC and other regulators. For core reliability standards, compliance and enforcement would be by NERC and Regional Councils.	

Issues:

1. **Implementation**. The organization may have a specific implementation role. Compliance and enforcement by FERC and RTOs should be addressed.
2. **Enforcement.** If a standard is developed through one process – there must be a way to define if the standard is reliability, which should be mandatory with enforcement. The process for enforcement should be separate from its development. (Ken Wiley Fla RCC) The issue of compliance and enforcement should not be part of the debate on standards organizations. (Tony Jankowski, WEP and Mark Scheel, Dynegy). NAESB has in its bylaws, clearly stated that all standards are voluntary from the perspective of NAESB. (Bill Boswell – NAESB). The FERC order supports standards that the FERC would then determine how to address (Ajay Garg – Hydro One, Jamil Nasir – National Grid). NAESB has standards that no regulatory agencies endorse such as the base contract. (Keith Sappenfield - PanCanadian). Determinations of whether to send standards to regulatory agencies should not preclude a review of standards by NERC. (Ed Thompson – ConEd).
3. The handling of compliance and enforcement between the NAESB bylaws and the NERC (WESM) model are fundamentally different. Can the NERC (WESM) compliance and enforcement process exist within the NAESB bylaws? If not, to what entity will compliance and enforcement of reliability standards be delegated? Candidates include FERC, RRO's, RTO/ISO's, or the creation of a new independent organization. (Karl Tammar, NYISO)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Relationship Between Business Practices and Reliability

Regional and Other Variances				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Regional standards and local variations accommodated.	Regional standards and local variations accommodated.	Regional standards and local variations accommodated.	Regional standards and local variations accommodated.	

Issues:

1. **Variances.** Regional variations are acceptable as long as they do not pose barriers to entry. (Vann Prater – Dynegy) Exceptions for regions or standards that would apply to only one region should be acceptable under the term "variation". (Ken Wiley – FLA RCC, Joe Rossignoli – National Grid)
2. **Regions working together.** The regions should work together to set the standards even if those standards incorporate regional differences (John Anderson – Elcon, Jack Hawks – PG&E NEG). All things being equal, the local regions should have the authority to set their own rules (Jamil Nasir – National Grid).
3. **Standard Market Design**. The standards are the "how" under standard market design. Variances should not drive the market models. FERC's market design will be the thesis for a "top down" approach for industry standards development. (Keith Sappenfield – PanCanadian, Charles Yeung – Reliant Resources) Too many variances begs the question of if a process should be standardized. The presumption should be uniformity. (Tony Jankowski – WEP)
4. **RTOs**. Standard setting for reliability on an interconnection basis makes a lot of sense. We expect RTOs will take a large role in business practices standards setting. (Karen Adderley – BC Hydro). RTOs implement standards, the standards setting organization develops them. (John Anderson – Elcon). If RTOs do not have a separate segment, some relationship should be defined given any contentious issues both for reliability and business practices. (Jack Hawks – PG&E NEG).
5. **FERC.** FERC Order notes need for uniform standards not a "hodge-podge" of regional standards.'(Jim Hebson, PSE&G Power)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Relationship with Other Entities

Relationship with FERC/Canada				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
FERC and appropriate regulatory approvals	FERC and appropriate regulatory approvals	Not addressed in framework. FERC nonjurisdictional entities identified as critical unresolved issue	Regulatory entities are voting members	Process must recognize Canadian jurisdictional sovereignty with respect to standards adoption.

Issues:

1. **FERC Adoption of Standards**: How does FERC approve actions of the standards organization? Should Canada be separated for purposes of discussion? In the FERC order, it appears that the FERC believes it has jurisdiction on development of business practices in the U.S. -- and after 3/15, should the industry not determine the appropriate industry standards setting body. It has indicated it will take action.
2. **Non-jurisdictional entities**: FERC's jurisdiction with respect to non-jurisdictional entities should be explored.
3. **Single Process.** If a single process is used to develop standards, those standards should be forwarded to the FERC, Canadian regulatory agencies and Mexican regulatory agencies (Comision Reguladora de Energie) at the same time. (Jack Hawks – PG&E NEG)
4. **Coordination.** Assure the ability of Canada and Mexico to participate in the process in consideration of their views and they will make their own judgments regarding the resulting standards; similarly, FERC should not be restricted in its consideration and judgment and regulatory options with respect to such standards. (B. Lamb – PJM). The contractual reliability system used by the WSCC was cited as a successful example of the US and Canadian entities and regulatory groups working together on a standard. (Ajay Garg Hydro One Networks, Karen Adderley, BC Hydro). Intent of coordination can be met by making Canada and Mexico an integral part of the models. (Ed Schwerdt, Northeast Power Coordinating Council).
5. **Limitations.** There should be an express limitation on the deference FERC may accord the NERC board and NAESB process in reviewing standards. In either case, FERC should be required to make an independent, de novo judgment (without deference) on the effect of the proposed reliability or business standard on competition. (Cindy Bogorad, TAPS).
6. This subcategory should be broken up in three subcategories:
    1. Relationship with FERC
    2. Relationship with non-US non-jurisdictionals (Canada and Mexico)
    3. Relationships with domestic non-jurisdictionals

    The issues relating to each are distinct. (Karl Tammer, NYISO)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Relationship with Other Entities

Role of State Commissions

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
To be determined by the quadrant via segment definitions. In the role as regulators, state commissions are part of the Advisory Council and do not vote on approval of standards.	To be determined by the quadrant	All subcommittees open for participation and voting. Quadrant procedures to include electronic balloting. State commissions and/or NARUC could host subcommittee meetings.	State Commissions are voting members and are defined to a segment.	

Issues:

1. **NARUC Position**: Do the state commissions have segments and are they permitted to vote. State Commissions want to reserve the right to vote at every level of the organization -- which is a NARUC position. (LuAnn Westerfield D PUC, Diane Barney, NY PSC).
2. **Participation and Voting.** Some state commission staff are not interested in voting, but rather in participating on the advisory council. (Bob Rosenthal, PA PUC)

Relationship with RTOs

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
To be determined by the quadrant.	To be determined by the quadrant.	Identified as critical unresolved issue.	Separate Segment (RTOs/ISOs/RRCs)	

Issues:

1. This subcategory appears to be superfluous and should be dropped. RTO's roles are clearly defined. RTO's will administer Transmission Tariffs and must abide by industry standards. They may, if genuinely warranted, develop and abide by stricter standards. All but the EEI 'Discussion' framework include RTO's as part of a stakeholder segment. No specific issues were raised nor added to the Matrix on January 29. (Karl Tammer, NYISO)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Standards Development Process

A Day in the Life of a Standard

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Document provided and attached. • Request is forwarded to triage for recommended assignment • Executive Committee acts on recommendation • Subcommittees develop recommended standards • Industry comments • Recommended standards voted on by Executive Committee • Approved standards ratified by membership	Within NAESB charter and bylaws.	Within NAESB charter and bylaws.	Document provided and attached.	

Issues:

1. **Elements of Standards Development:** What is addressed in Triage? What is addressed in appeals? How is the comment process implemented? Is there a reliability check of safeguard process? Are standards forwarded to FERC and other government agencies? .
2. **Points of Voting:** The NERC WESM process includes the standards development process approved by the NERC Board of Trustees in October. The WESM NERC process provides a needs assessment process. There is a voting structure by participants in the standards authorization committee, but not by the developing team ("power of the pen"). The developing team should be open to everyone and everyone should be able to vote. Members of the standards authorization committee are elected by the members of the segments.
3. **Openness of Process:** The standards development process should be open to all participants -- and it is open to all.
4. **Consensus Based Process.** Some mechanism is needed to permit the independent NERC board to identify the need for a new or revised reliability standard, and when it is needed. A mechanism should also be developed for the NERC board to act independently when no consensus exists. NERC should have the authority if the timetable is not acceptable, if the consensus process fails, to adopt reliability standards at least on an interim basis. (Cindy Bogorad, TAPS)

Coordination of Standards Development Between Quadrants

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Coordination defined through determination of the scope of the request of a standard, joint development if appropriate and reconsideration after development if needed.		Not addressed in framework		

Issues:

1. **FERC**: This issue has been raised by the FERC in its recent 12/19 order.

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Standards Development Process

Treatment of Existing NERC Standards

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Standards adoption follows NAESB process for NAESB standards.	Complete transition underway which captures essential NERC reliability elements -- which would be vetted through the new process.	In general, EEI process has identified "legacy" issues as important; no specific proposal in framework	Complete transition underway which captures essential NERC reliability elements.	

Issues:

1. **Grandfathering**. Grandfathering standards is an issue. (EEI)
2. **Physical Aspects.** Physical aspects of existing standards is an issue. (EEI). Liability for outages: The existing NERC and Regional Council operating policies and planning standards represent an agreed upon (with the regulators) method of dealing with utilities' liability for outages. There is an agreed-upon design level, utilities plan to that design, and operate to that plan. That serves to limit utilities' liability exposure for outages. If you dispense with the existing rules, you need to have an alternative mechanism in place to handle the liability-for-outages issue. (Dave Cook, NERC)
3. **Transferring Standards.** Existing GISB standards will not be transferred or grand fathered into NAESB. The existing GISB standards will be processed through the NAESB process to be adopted as NAESB standards. (Jack Hawks – PG&E NEG, Bill Boswell – NAESB). The NERC standards will remain in place until they are changed. (Dave Cook – NERC). The governance documents should include language that provides definitive timelines to sunset the existing NERC standards and policies to provide the right incentive for stakeholder consensus to build the new standards. (Charles Yeung – Reliant Resources)
4. **Existing Efforts.** OASIS standards will be covered by the scope of the WEQ. The existing OASIS Phase I Business Practices and S&CP were developed by the former OASIS 'What' and "How" Working Groups. Development of Business practices and S&CP to support OASIS Phase II, pursuant to FERC Order 638, is presently being carried out by the ESC and OSC. It would be in the best interest of the industry that time and resources expended by these groups, along with the efforts of NERC in the development of existing Reliability Standards, not be duplicated. (Karl Tammer, NYISO)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Standards Development Process

Staff Support in Standards Development Process

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
Staff is administrative providing support to the committees and subcommittees and they develop standards, stakeholders do the detailed drafting. Should additional staff be needed and Board approves such, staff will increase.	Same as NAESB.	Not addressed.	More active role for staff in shepherding standards than exists today.	Process must recognize Canadian jurisdictional sovereignty with respect to standards adoption.

Issues:

1. **Additional Support:** The electric wholesale quadrant will need significant staff support -- much more so than needed in the gas wholesale quadrant. (Jack Hawks – PG&E NEG). The staff should be directed by the stakeholders rather than an independent board.
2. **Staffing**. Technical writing staff is very important and has funding implications. (John Anderson – Elcon) Professional staff reporting to an independent board is important and would prevent the process from being taken over by companies that have more staff and resources to contribute to the process. (Cindy Bogorad - TAPS)

ANSI Accreditation

NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
GISB Accreditation as a Standards Development Organization transferred to NAESB.	Overarching principle in the framework	Overarching principle in the framework.	Overarching principle in the framework.	

Issues:

1. **Timing**: When the accreditation is expected should be addressed.
2. **Acceptance.** The organization should have the confidence of the industry and stakeholders first along with acceptance by the regulators. (Tony Jankowski, WEP and Cindy Bogorad, TAPs). Should changes to the NAESB model affect the accreditation, those changes should be scrutinized. ANSI accreditation or the expectation of such accreditation is critical for Elcon support for any organization. (John Anderson – Elcon)

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Funding

Funding				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other
$5000 per member.	Same as NAESB.	Single fixed uniform annual rate for all members.	Keeping open possible tiered dues function.	

Issues:

1. **Tiering:** Are tiered dues appropriate?
2. **Non-dues revenue**. The organization should be funded by a mechanism other than dues. Technical staff writing skills are required. Such staff should report to an independent Board. The staff and the Board will require more money than can be raised through a dues based funding mechanism. Thus, the organization should be funded by a mechanism that places the costs fairly on all end users. (John Anderson – Elcon, Cindy Bogorad - TAPS)
3. **WESM Costs**. What are the funding costs for WESM and how will the participants know what they will be assessed? (Keith Sappenfield, PanCanadian) For a hybrid NAESB/NERC process, how will the process be funded? (Charles Yeung – Reliant Resources)
4. **Flexible Funding.** A flexible funding structure would be appropriate. An equitable cost allocation formula should be developed. Ultimately, the funds that need to be collected will depend on the budgeted operating cost requirements of the WEQ. This will be driven by the scope and demand for services from the industry participants. In the past several years NERC has been providing valued added engineering and information services to the industry, thus increasing its budget three or four fold. If these kinds if services are provided through the WEQ, it would be equitable to have users and direct beneficiaries of these services pay a larger portion of the development and maintenance costs. Fixed administrative costs could be shared more or less equally, perhaps at some fixed dues amount. (Example: NERC and its Regions presently allocate costs to operating Areas based on a pro-rata peak load or installed capacity basis. With the diversity in participants in the modern deregulated environment, this form of allocation loses relevance).

Wholesale Electric Quadrant Comparison Matrix -- 1/30/02
Funding

SCOPE				
NAESB Process as Represented in the NAESB Certificate and Bylaws	Industry Collaborative Entities (EPSA)	Discussion Framework (EEI)	WESM (NERC)	Other

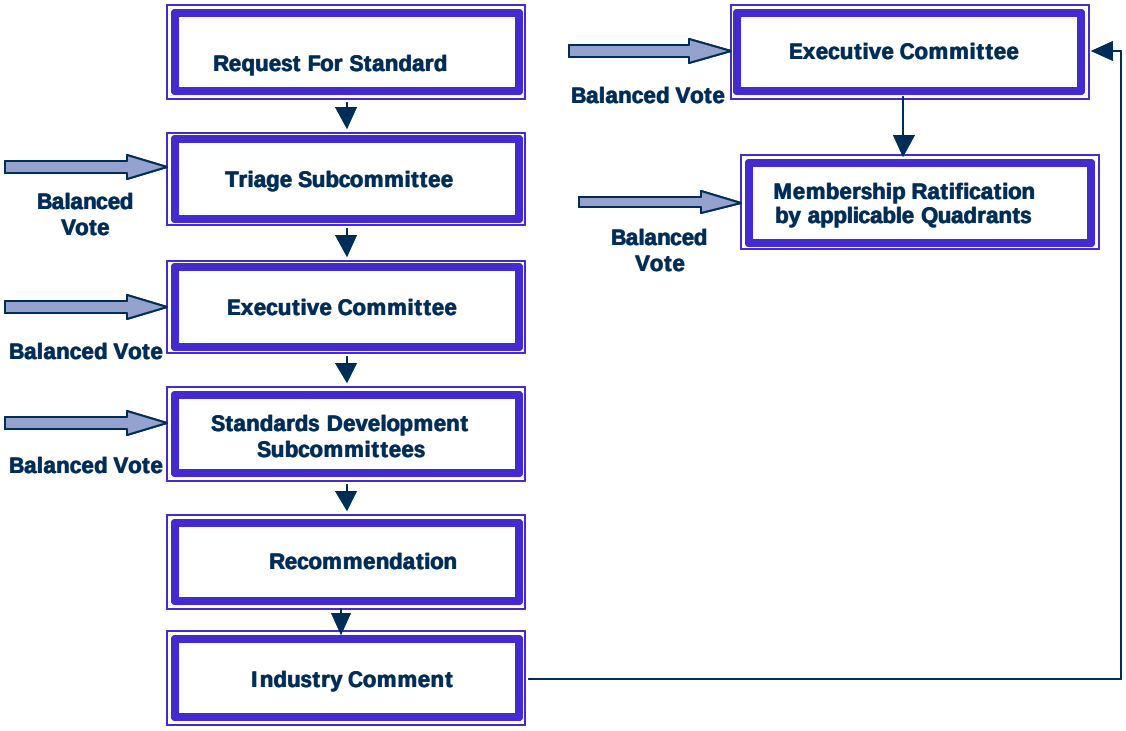
Issues:

1. The scope should address seams issues and communications issues so that trading is not impeded. Uniformity for uniformity's sake is not the goal of the organization. (Jamil Nasir – National Grid)
2. The communication protocols should be flexible enough to handle the various locations trading (Ed Thompson – ConEd).
3. Not just trading but a broader scope of activities for standardization. (Mike Gildea – DENA)
4. Three areas of standardization are market design/electronic communications and business practices/back office systems. (Jack Hawks – PG&E NEG)
5. Review the FERC Order Providing Guidance, Docket No. RM01-12-000, dated 12/19/2001 – which should be the first agenda item for February 1 industry meeting. (Ed Thompson, ConEd)
6. The scope of the WEQ should be defined as soon as possible. The extent and limits of the scope directly or indirectly affect all other issues. Given the short time frame, it would be advisable to limit the scope as much as practicable to the essential issues. The By-laws of both NAESB and NERC/WESM (and the ESC) allow for the broadening of scope following due process. There are three models presented in a formal manner (posted on the NAESB web site):
    1. The EEI Presentation's 'Discussion' Model
    2. NERC's Preliminary {Proposal)
    3. Draft Industry Collaborative

   The union of these three models and FERC's prescription in the December 19, 2001 order will logically bound the scope of the quadrant. We must ensure that all present and on-going standards making activities are included in the initial scope. (Karl Tammer, NYISO)

North American Energy Standards Board
"A Day in the Life of a Standard"

All NAESB standards follow the same process for development, adoption and maintenance across quadrants. They all have the same voting requirements for adoption regardless of the quadrants to which they apply. Below is a schematic that shows the steps and the multiple opportunities for voting. This process can take as little as two months and as long as needed, depending on the urgency placed upon the activity by the affected quadrants, the level of consensus that exists for the proposed standard, and the preparation of the request itself.



Initiation:

Any interested party can request that a standard be developed or modified. A form is provided for such request, which includes a description of the standard, a justification for its development, who would use the standard, and who would be willing to test the standard. This request if forwarded to the Triage Committee, which includes balanced representation from all quadrants and segments. The Triage Committee through a balanced vote, recommends the disposition of the request – to which groups it should be assigned and the level of urgency for development. The triage recommendation is forwarded to the entire Executive Committee, who through a balanced vote across quadrants votes to support or modify the recommendation, and the request is on its way.

Development:

The subcommittees (either single quadrant or joint quadrant groups, depending upon the quadrants to which the standard will apply) review the request and develop the needed standards. This effort may continue through several subcommittees –as business practices development, information requirements development, and development of EDI and Internet web site specifications may be needed. Through each subcommittee, balanced votes across segments for the applicable quadrants are taken. Membership in NAESB is not required to participate or vote in development. Once complete, the work product, known as the recommended standards,

is posted for a minimum of 30 days for industry comment. Any interested party can provide written comments.

Approval:

The recommended standards, the industry comments, the minutes of the subcommittee meetings including voting records and the request itself are reviewed by the applicable quadrants of the Executive Committee (EC) in its discussions. Transcripts may also be available if the topics of the subcommittees were controversial enough to warrant such. The EC considers this material and then votes to approve the standards – the votes are balanced across segments and applicable quadrants. If approved, the standards are ratified by the membership of the applicable quadrants.

Reconsideration:

A motion can be made by any of the EC members of a given quadrant, who were not part of the original assignment for a request, to review the recommended standards as the standards may through the development process become applicable to them. In such cases, the recommended standards are reviewed by said quadrants, and a determination (through a balanced vote) is made for if the standards are to be more broadly applicable or more narrowly applicable that originally expected.

Publishing:

Once ratified, the standards are known as "final actions." The final actions are posted on the web site and published in the next version of standards – typically on an annual basis. The standards and supporting documents and a status report are forwarded to any government agency that so requests it. The standards are posted on the web site in a secure area and are accessed at no charge by NAESB members. Non-members can purchase the standards from the NAESB office. If non-members have participated in the subcommittee activities or have monitored their work products, the standards are also available at no cost in those documents.

Participation:

Through this process, all meetings are open and posted. All minutes, attendance sheets, voting records, and any work papers are publicly available from the web site for access at no cost by members and non-members. Transcripts can be purchased by any interested party. All votes are taken publicly and recorded by company.

WESM - "A Day in the Life of a Standard"[1]

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.

[1] 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.

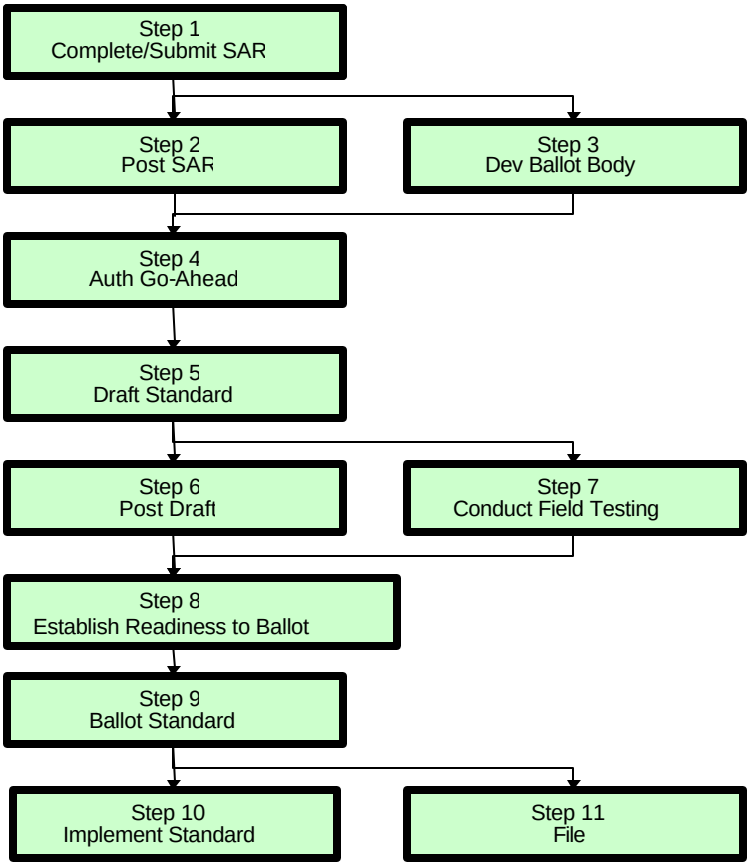
Compliance Enforcement Staff – The mission of the NERC Compliance staff is to manage and enforce compliance with NERC Organization Standards. The NERC Compliance staff shall assign a representative to the SAR Advisory Team and shall assign a representative to each Standard Drafting Team. Their objectives 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.