Presentation Topics

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

• How did we get here?
  ▪ 2012 stakeholder inputs

• Progress towards steady state

• Project Management and Oversight Subcommittee

• Federal Energy Regulatory Commission (FERC) directives
  ▪ 247 directives outstanding during 2013-2015
  ▪ 11 directives outstanding in 2016

• Paragraph 81 and Independent Expert Review Panel
  ▪ 281 requirements recommended for retirement
  ▪ 273 addressed by 2016
    ▪ 46% retired
    ▪ 43% revised
    ▪ 11% reaffirmed
• **Steady State**
  - FERC directives and recommendations for retirement have been addressed
  - Quality and content have been reviewed
  - Standards have transitioned closer to being results-based

• **Steady State will be reached early 2016**
  - 17 standards in 2015, two in 2016

• **Principles to consider moving forward**
  - Stakeholder comfort with steady state
  - Standards provide accountability
  - Standards should mitigate risks to the Bulk Power System
  - Standard and compliance expectations should be aligned
• Analysis and coordination
  ▪ Ahead of project kick-off
  ▪ Feedback loops
  ▪ Committees, trades, forums
  ▪ Risk analysis

• Consider other projects, tools, and principles
  ▪ Connection to technical excellence
  ▪ Compliance guidance

• Project planning
  ▪ Project Management and Oversight Subcommittee
  ▪ Enhanced periodic reviews
• Sets forth plan for:
  - Eight projects continuing from 2015 into 2016
  - Enhanced Periodic Reviews
    - Eight standards families planned for 2016
  - Emerging risks
  - FERC directives
  - Standard Authorization Requests

• Specifically considers:
  - Integration of Variable Generation Task Force (IVGTF) recommendations
  - Essential Reliability Services Task Force (ERSTF) recommendations
  - Communicating with the Reliability Issues Steering Committee (RISC) on other emerging risks
  - Potential FERC directives
• Flexibility in measured approach to development
• Prioritization considerations
  ▪ Risk assessment
  ▪ Industry buy-in up front
• Feedback loops and factors for consideration of risk
  ▪ Emerging risks and changing technologies
  ▪ Event analysis and compliance violation statistics
  ▪ Lessons learned and FAQs
  ▪ Measures
  ▪ RSAW development and compliance input
  ▪ Regional variances
• Status
  ▪ Industry comment period closed on August 17, 2015
  ▪ NERC Standards Committee endorsed on September 23, 2015

• Next steps
  ▪ Present to the NERC Board of Trustees (Board) in November 2015
  ▪ File with the applicable governmental authorities fourth quarter 2015
Updated Periodic Reviews

- Measured in-depth review to improve quality and content of standards
- Seek opportunities to make standards more concise
  - Verify content is appropriate for inclusion in a standard
  - Builds on Independent Experts’ work with industry input
- Enhanced periodic reviews to address:
  - Emerging risks
  - FERC directives
  - Standards Authorization Requests
• Plan in development
• Execution expected in Q1 2016
  ▪ Topic was discussed at the May NERC Board meetings for policy inputs
• No mandated timeline
  ▪ Deliberate measured pace
• Recognizes current trend at NERC
  ▪ Smaller drafting and review teams of 6-10 members
  ▪ Active observers
  ▪ Engaged industry throughout standard development process
  ▪ Active use of project listservs

• Essential part of standards development
  ▪ The ballot is an inefficient barometer of industry position
  ▪ Ad hoc groups have more influence early in the process
  ▪ Teams often more receptive to comments during early phases of development
  ▪ Communication among industry, teams, NERC, and FERC
• Continued open dialogue as we engage in a more measured development of standards
  - Feedback loops
  - Committees, trades, forums
  - Compliance inputs and guidance
  - Enhanced periodic reviews vs. standards development projects timing

• Feedback during outreach and development
  - Suggested language
  - Rationale
Hot Topics - Select Projects

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