We appreciate what you've put together, but are concerned that it's not quite on the right track. We therefore provide these comments to try to help guide the discussion so that RBR can achieve the important goals Gerry has laid out.

In our view, the paper needs to start with a revised focus on what RBR is – not customized application of standards to registered entities within functional categories but rather, as Gerry said, creating increased and/or more granular thresholds to reduce the number of entities registered and reduce the scope of the remaining functional registrations in ways that better reflect risk to the BES, and to use tiers within functions to better focus standards applicability where it matters. See, e.g., I.a, I.b. The core problem to be addressed is the large number of registered entities that don't actually have a material impact on reliability, or that are subject to more requirements than they need to be to protect BES reliability; the result is a resource drain for NERC, the Regions, and registered entities.

The process for getting to risk-based registration should not be like the process for developing RAI, nor do we expect the end results to look similar. Rather, the RBR project more closely resembles the processes and end-products of the BES definition project (with its bright-line criteria, exceptions process and associated modifications to the ROP) or the work of the GO-TO task force and drafting team (targeting applicability of transmission-related standards to owners of generator interconnection facilities).

Both RBR and RAI are focused on the assessment of BES risk, but beyond that point, there are major differences in approach. RAI is a *compliance oversight and enforcement* tool, that must integrate systemic and entity-specific risk assessment into evaluation of each entity through CMEP processes. In contrast, the goal for the RBR Project is to use transparent criteria at the outset to properly identify and register entities that need to be subject to NERC standards, and to scope the compliance obligations for those entities (based on tiered screening criteria for entities registered for specific functions).

Instead of suggesting that NERC and the Regions undertake individual negotiations with each of the 1600+ entities on the registry, which isn't feasible for anyone involved, the first line of attack should focus on the low-hanging fruit discussed on the call: raising and tailoring the thresholds to eliminate entities that don't have a real reliability risk; deleting unnecessary functions; and adding subcategories/tiers to functions, to more effectively target compliance obligations to those entities that have an impact (as was done in the GO/TO project). To the extent possible, NERC should propose specific changes to the thresholds and cutoffs for tiers in the white paper, so that stakeholders can respond with concrete feedback. The TAPS and APPA/NRECA responses to NERC's risk-based registration survey lay out our proposals on those issues in detail; please let us know if you'd like to forward you a copy.

Part I of the draft outline includes "engineering assessments" and "[o]ther factors to consider when an entity i. Meets thresholds and does not need to register [or] ii. Does not meet thresholds and is needed to register" as part of "[i]mplementation of current registration criteria to date." Our observation of past NERC and regional entity use of engineering assessments and other factors raises concerns. In general, we've seen rote application of the current compliance registry thresholds (which are too low), without any real consideration of engineering assessments or other factors. Nor are there workable procedures for getting a regional entity or NERC to consider engineering analyses or other factors on a consistent and transparent basis. It is possible that some regions may have applied engineering assessments behind the scenes in decisions not to register some functional entities. However, the existence of or bases for those judgments are not transparent, at least for registered entities. Also, the

list in section I.i.vi. of "[a]reas the current registration criteria does not fully account for" again misses the lowest-hanging fruit: the current thresholds are too low and sweep in a large number of entities that pose little or no risk to the BES.

Sections II.a.i and II.c.i.2 again omit the possibility of changing the thresholds in the Registry Criteria. We suggest three subcategories in II.a.i.: 1. Eliminate or add functions, 2. Increase or modify thresholds, and 3. Identify tiers or sub-functions within functional registrations. We need to figure out what support and analysis is needed, but a full RAI-type risk and internal controls analysis is not needed to determine that imposing compliance obligations on a 26 MW DP won't contribute materially to grid reliability. In fact, throughout the outline, the emphasis on using RAI tools is unnecessarily complex. The goal is to have revised registry criteria that can be consistently applied, to get to a result that's consistent with risk. We don't think a lot of what's outlined in Section II is necessary; instead, the focus needs to be on raising the thresholds, which concept is currently missing from that section of the outline. We were also concerned (see II.c.i.1) that this initiative could turn into an attempt to broaden registration, by adding new types of functional entities. In the absence of an abundantly clear and obvious reliability gap (and we haven't heard of one), that needs to be avoided; registration is already too broad, which is why this initiative is needed in the first place. Identifying new functional entities (e.g., retail demand response aggregators) could divert focus from the core objectives for this project.

Section III.c.ii is good, *assuming* that the "tailored" standards applicability refers to using subcategories of registered entities within the applicability section of reliability standards, rather than custom tailoring of applicability for each individual registered entity. "Targeted" or "tiered" applicability may be more descriptive. Overall, that section should say that the thresholds will be revised, and further criteria added to the Registry Criteria to make the registration of remaining registered entities more granular, to appropriately target compliance obligations. With respect to III.c.iii, "NERC oversight and guidance to Regional Entities to support fair, timely, consistent and uniform application and implementation of RBR," "NERC oversight and guidance" may not be sufficient to ensure that all Regional Entities implement RBR appropriately; we'll need changes to the Registry Criteria and the ROP to implement these elements of RBR and provide assurance to stakeholders and FERC.

We've tried to be specific in order to help focus the paper and frame the discussion on the 28th. We'd be happy to discuss further if that would be helpful.