

via e-mail to ROPcomments@nerc.net

**COMMENTS OF TRANSMISSION ACCESS POLICY STUDY GROUP
ON POSTING OF PROPOSED CHANGES TO NERC RULES OF PROCEDURE
DATED MARCH 12, 2020**

TAPS appreciates the opportunity to comment on NERC’s proposed changes to Section 500 and Appendices 2, 5A, 5B, and 5C of the NERC Rules of Procedure (“ROP”), dated March 12, 2020. We describe below our substantive concerns with the proposed changes, and attach proposed substantive and drafting changes to the revised versions of Section 500 and Appendix 5A.¹ As discussed below, TAPS has very significant concerns that the proposed changes fundamentally undermine aspects of the Risk-Based Registration (“RBR”) procedures approved by NERC and FERC with widespread industry support. The proposed changes should be withdrawn. If NERC nevertheless decides to revise the ROP, it should address the concerns laid out in these comments.

I. BACKGROUND

As part of the RBR Initiative several years ago, significant changes were made to NERC’s registration procedures, and particularly to Appendices 5A and 5B of the ROP. The RBR Initiative involved extensive consultation between NERC Staff and stakeholders, including the work of both the RBR Technical Committee and the RBR Advisory Group. The changes made to the ROP at that time, which were also the product of significant stakeholder consultation, were intended to implement the principles agreed upon. TAPS was actively involved in that process.

II. APPENDIX 5B

A. The materiality test and reference to materiality-based registrations and sub-set lists should remain in Appendix 5B.

NERC’s proposed substantive changes to Appendix 5B would cause regulatory uncertainty and should not be adopted. The most significant change is the proposed deletion of the notes, which currently include, inter alia, the non-exclusive list of factors to be considered in materiality determinations that was developed as part of the RBR Initiative, as well as references to the existence of materiality exceptions to the bright-line criteria and the availability of sub-set lists of standards.

¹ TAPS is not submitting a redline of Appendix 5B because our concerns with the proposed changes to that Appendix, while significant, can be adequately explained in these narrative comments.

1. Materiality factors

The currently-effective version of Appendix 5B, the Statement of Compliance Registry Criteria, includes a non-exclusive list of factors to be considered in determining an entity's materiality to BES reliability. NERC's proposal would delete those factors (along with the rest of the notes), and instead rely solely on the materiality test as stated in NERC's 2015 RBR Implementation Guidance.² While it may be appropriate for NERC to provide additional detail and nuance with respect to materiality determinations via guidance, the materiality test belongs in the stakeholder-vetted, FERC-approved ROP, and should not be entirely relegated to guidance that NERC can modify without stakeholder consultation or FERC approval.³ Indeed, it is particularly inappropriate to simply substitute the 2015 guidance, which was posted unilaterally by NERC Staff, with no formal comment period, and no response to or acknowledgement of comments submitted informally by TAPS. NERC stated in its petition to FERC for approval of the RBR ROP revisions that the revisions, including the addition of the materiality test, would "provide additional clarity and transparency regarding registration requirements, roles, and responsibilities."⁴ Removing the materiality factors from Appendix 5B would undermine both transparency and NERC accountability. The content and formulation of the four factors listed in Appendix 5B were extensively vetted by stakeholders during the RBR Initiative. The additional factors included in the 2015 guidance received no comparable scrutiny; we are therefore uncertain whether all are appropriate, and have significant concerns about some.

In discussions regarding the proposed revisions, NERC Staff indicated to TAPS that they would retain the materiality test in Appendix 5B. TAPS appreciates Staff's attention to our concern and looks forward to reviewing a revised draft, in the event that this effort moves forward.

² NERC Proposed Revisions to Section 500, and Appendices 2, 5A, 5B, 5C of the NERC Rules of Procedure, Organization Registration and Certification Program at 8, https://www.nerc.com/FilingsOrders/us/RuleOfProcedureDL/Summary%20of%20Proposed%20Registration%20and%20Certification%20Revisions_3.12.2020%20.pdf ("Summary of Proposed Changes"); NERC Rules of Procedure, Proposed Appendix 5A, Organization Registration and Certification Manual § III.D.9 (March 12, 2020) ("Proposed Appendix 5A"); NERC, *Risk-Based Registration Implementation Guidance* (Dec. 15, 2015), https://www.nerc.com/pa/comp/Registration%20and%20Certification%20DL/RBR%20Implementation%2020151217_final.pdf.

"Implementation Guidance," according to NERC's November 2015 Compliance Guidance Policy (at iii), is "a means for registered entities to develop examples or approaches to illustrate how registered entities could comply with a standard" and "vetted by industry." As the 2015 RBR Implementation Guidance meets neither of these criteria, its title is potentially misleading.

³ TAPS does not address here whether a document intended to provide guidance to stakeholders as well as ERO Staff should, like Implementation Guidance, be subject to stakeholder consultation. Because the 2015 guidance document was in fact posted without stakeholder consultation, however, it is reasonable to conclude that NERC might decide to revise it in the same manner.

⁴ NERC, Petition for Approval of Risk-Based Registration Initiative Rules of Procedure Revisions at 5 (Dec. 11, 2014), *N. Am. Reliability Corp.*, Docket No. RR15-4-000, eLibrary No. 20141211-5214 ("RBR Petition").

2. Materiality determinations and sub-set lists

As NERC stated in its RBR Petition, “[i]f an entity meets the Registry Criteria, there is a *rebuttable presumption* that it has a material impact on the reliability of the Bulk-Power System, and it is included in a pool of eligible candidates that NERC and the Regional Entities may identify for registration.”⁵ Consistent with this principle, the notes to the currently-effective version of Appendix 5B describe the bright-line criteria as “general criteria only.” Note 1 goes on to state that materiality-based exceptions to the results of the threshold criteria can be made pursuant to the procedures in Appendix 5A, while note 5 indicates NERC’s authority to limit an entity’s responsibility to a sub-set list.

NERC’s explanation of its proposed deletion of that portion of note 1 is that “as a result of the Risk-Based Registration changes, the NERC-led Review Panel process in *Appendix A* was established to accept, review, and approve Registration requests that are based on materiality, including those proposed by a Regional Entity.”⁶ Similarly, NERC states that note 5 is “redundant and unnecessary” because “this concept is already incorporated into the NERC-led Registration Review Panel Process in *Appendix 5A*.”⁷ But the Statement of Compliance Registry Criteria should describe all of the bases on which an entity may be registered, or its registration altered: based on the bright-line criteria (including those for UFLS-Only DPs), via a materiality determination, or through limitation of its compliance responsibilities to a sub-set list of standards. Removing all mention of the latter two substantive prongs of NERC’s registration construct from the Statement of Compliance Registry Criteria, based on the fact that the *procedures* for each are included in Appendix 5A, is unreasonable.

B. Appendix 5B should acknowledge the intent of the threshold criteria and materiality test, taken together, to determine which entities are material to reliability.

NERC’s proposed deletion of the text italicized below from the first sentence in Appendix 5B is similarly inappropriate:⁸

Organizations will be responsible to register and to comply with approved Reliability Standards to the extent that they are owners, operators, and users of the Bulk Power System (BPS), perform a function listed in the functional types identified in Section II of this document, and are material to the Reliable Operation of the

⁵ *Id.* at 12-13 (emphasis added).

⁶ Summary of Proposed Changes at 8 (italics in original). To the extent that NERC’s proposed deletions are prompted by inaccurate or incomplete language in the notes (e.g. note 1’s reference to Section V of Appendix 5A, and its failure to clearly account for the possibility of registered/candidate entity requests for materiality determinations), TAPS suggests any such inadvertent/typographical errors can be corrected, and do not necessitate discarding the text in its entirety. TAPS would be happy to work with NERC on any such changes.

⁷ *Id.* at 8-9 (italics in original).

⁸ NERC Rules of Procedure, Proposed Appendix 5B, Statement of Compliance Registry Criteria, Revision 7, at 1 (March 12, 2020) (“Proposed Appendix 5B”) (emphasis added).

interconnected BPS as defined by the criteria and notes set forth in this document.

The text proposed for deletion specifies the basis upon which entities' materiality is determined. The proposed deletion of the reference to the notes to the Appendix is presumably driven by NERC's proposed deletion of the notes themselves, which we object to as described above. But even if (over the objection of TAPS) the notes were to be entirely removed from the ROP, there is no discernible reason for removing the reference to the *criteria*. As noted above, NERC has acknowledged that the function of the bright-line criteria is to provide a "rebuttable presumption" of materiality. Appendix 5B should acknowledge that intent.

C. *The standard should be materiality to BES, not BPS, reliability.*

Finally, NERC proposes to add the underlined text to the list of "principles" NERC will apply to the Compliance Registry: "An entity which is not initially placed on the Compliance Registry, but which is identified subsequently as having a material impact on the BPS, will be added to the Compliance Registry."⁹ The proposed addition highlights an inconsistency within Appendix 5B: the proposed addition (like the first line in the Appendix) refers to materiality to the *BPS*, while the current notes to Appendix 5B and the 2015 RBR Implementation Guidance deal with materiality to *BES* reliability.

Unless an ambiguity about whether the criterion is materiality to BES or BPS reliability has come up in a Panel review, or could reasonably be anticipated to do so, NERC should consider simply omitting this proposed addition. If, on the other hand, the choice of BES or BPS *is* important, it should not be made in the context of these purportedly non-substantive ROP revisions, particularly in a time when consultation among stakeholders and NERC is significantly more challenging than usual; and the ambiguity should be resolved throughout Appendix 5B.

If, however, NERC is determined to insert a reference at this time, TAPS suggests that it refer to the BES. The contours of the BES are significantly better-defined than those of the BPS; its use will therefore facilitate materiality determinations.

III. SECTION 5A – ORGANIZATION REGISTRATION AND CERTIFICATION MANUAL

A. *NERC should not shift the current allocation of the burden of proof in Panel reviews.*

NERC's proposed changes to Appendix 5A raise a significant substantive concern: a complete revamp of how the burden of proof is allocated in Panel reviews. Appendix 5A's current allocation of the burden of proof in registration determinations, like all of the rules implementing the RBR Initiative, is based on extensive stakeholder consultation. Regardless of the context (registration or deactivation request), the burden of proof with respect to "the application of the criteria contained in the Statement of Compliance Registry Criteria Sections I through IV... is on

⁹ *Id.* (emphasis added).

NERC and the Regional Entity to demonstrate that an entity meets the Registry Criteria for registration.”¹⁰ Similarly, “where NERC has established clearly defined criteria for eligibility for a sub-set of applicable Reliability Standards ... and has identified the sub-set list that may apply to similarly situated entities (e.g., UFLS-Only DPs), the burden of proof to demonstrate that an entity does not meet the criteria for such a sub-set list is on the Regional Entity and NERC.”¹¹ The burden of proof with respect to the materiality test, and in requests for a sub-set list of standards where NERC has not established eligibility criteria, is on the entity making the request (i.e., if an entity argues that it should not be registered, despite meeting the bright-line criteria, it bears the burden of showing that it is not material to reliability; if a Regional Entity wishes to register an entity that does not meet the bright-line criteria, the burden is on the Regional Entity to demonstrate the entity’s materiality).¹²

With the stated goal of simplifying and clarifying the Appendix, and bringing it in line with “current business practices,”¹³ NERC proposes to delete that text from Appendix 5A, and instead place the burden of proof as to all issues on the entity making a request for Panel review.¹⁴ Given that the majority of requests for Panel review are expected to be submitted by registered/candidate entities—including all requests for review of the application of the bright-line criteria and requests for UFLS-Only DP treatment—this proposal would improperly shift the burden of proof in those cases.¹⁵

FERC has long recognized, even prior to the RBR Initiative, that the burden of demonstrating that an entity meets the threshold criteria is on the ERO, not the entity whose status is at issue. *See, e.g., S. La. Elec. Coop. Ass’n*, 144 FERC ¶ 61,050, P 26 (2013) (granting registration appeal not on the basis that SLECA had demonstrated that it did *not* meet the criteria, but rather because “NERC has not adequately supported its assertion that SLECA is properly registered as a distribution provider and LSE”), *aff’d on reh’g*, 145 FERC ¶ 61,232 (2013); *U.S. Dep’t of Energy, Portsmouth/Paducah Project Office*, 124 FERC ¶ 61,072 , PP 39, 40 (2008) (finding that “NERC adequately supported the proposed registration under NERC’s Registry Criteria for [TO, TOP, and DP],” but remanding as to the entity’s LSE registration because FERC was “concerned with the adequacy of NERC’s determination” on that score).

¹⁰ NERC Rules of Procedure, Appendix 5A, Organization Registration and Certification Manual § III.D.2 (Oct. 31, 2016) (“Appendix 5A”).

¹¹ *Id.* § III.D.4.

¹² *Id.* §§ III.D.1, III.D.3.

¹³ Summary of Proposed Changes at 1.

¹⁴ Proposed Appendix 5A § III.D.3.

¹⁵ NERC also proposes to require the Regional Entity to request Panel review in the event of a dispute by the entity whose registration status is at issue, but (1) NERC proposes no deadline for the Regional Entity to make such a request, potentially putting the entity whose status is at issue in the position of either accepting an undue delay or taking on the burden of proof; (2) requiring the Regional Entity to essentially request review on behalf of the entity whose status is at issue is an awkward way to achieve the current allocation of burden of proof; and (3) NERC Staff has indicated that it in fact expects such requests to be submitted by the entity whose status is at issue.

TAPS has been informed by NERC Staff that the proposed change is intended to reflect NERC's current practice of placing the burden of proof on the entity making the request for Panel review in all cases. And indeed, a review of the Panel decisions on NERC's website reveals several in which the requesting entity claimed not to meet the bright-line criteria, but in each case the decision states that the Panel proceeded directly to a materiality assessment. Even if the Regional Entity or the Panel itself believes that it is obvious that an entity meets the threshold criteria, an explicit, justified determination on that issue is required; the Panel may not simply require all requesting entities to prove their non-materiality. The appropriate remedy for the disconnect between NERC's rules and its current practice on this issue is not to revise the rules; it is for the Panel to recognize the nature of the requests that it receives, and comply with its current FERC-approved rules.

NERC Staff has now informed TAPS that it will retain the currently-effective language with respect to burden of proof. TAPS appreciates Staff's attention to this issue.

B. If it proceeds with the proposed revisions, NERC should make additional changes.

According to the Summary of Proposed Changes, the proposed revisions to Appendix 5A are intended in part to streamline and clarify the registration process. Instead, the proposed changes appear to remove the procedures applicable to requests for Panel review regarding the application of the threshold criteria and UFLS-Only DP status, as well as Regional Entity-initiated Panel reviews. While we urge NERC to withdraw this effort, in the event that NERC proceeds, TAPS proposes edits in the attached redline that attempt to make NERC's proposed changes work (which in many cases entailed restoring the currently-effective language), while preserving RBR's fundamental principles. In the attached redline we:

1. Suggest that provision allowing NERC to extend registration timelines for good cause be moved from the Purpose and Scope portion of Section III back to its current location in III.A for the sake of clarity; the revised placement doesn't make sense and creates confusion.
2. Clarify that Deactivation and Reactivation are types of Registration, and are accordingly subject to the procedures in Section III.A, as well as to the additional procedures and deadlines in Sections III.B and III.C, respectively;
3. Similarly clarify that Registration for a sub-set list is a type of Registration and thus subject to the procedures in Section III.A;
4. Clarify which entity is expected to submit the various sorts of requests for Panel determination (e.g., Regional Entity requests to register an entity based on materiality, entity requests for sub-set list treatment);
 - a. To enhance clarity, and based in part on TAPS's understanding that NERC generally expects the entity whose status is at issue to fill out the Panel request form unless the Regional Entity is seeking a materiality-based registration (an

approach to which TAPS does not object), we separate NERC-proposed III.A.8.a (which called for the Regional Entity to request that a Panel be convened if its determination “involves” the materiality test, a sub-set list, or a dispute by the entity whose registration status is at issue) into:

- i. A.2.f.i (materiality-based registrations of entities that don’t meet the bright-line criteria, submitted by the Regional Entity);
 - ii. A.2.f.ii (materiality-based requests not to be registered, or for deactivation, despite meeting the bright-line criteria, submitted by the entity whose registration status is at issue); and
 - iii. A.2.f.iii (requests for sub-set lists, submitted by the entity seeking the sub-set list).
 - b. Relocate that language to the beginning of Section A, since in the case of materiality requests and entity-specific sub-set lists a Panel determination must be obtained before the registration process dependent on such a determination can proceed. (In the case of disputes regarding the applicability of the bright-line criteria or UFLS-Only DP status, the entity whose registration or sub-set list status is at issue would request Panel review following a Regional Entity determination, pursuant to Section A.11);
5. Restore currently-effective language referring to the requirements of Section 501(1.4) of the ROP, because the currently-effective language encompasses all of 501(1.4)’s requirements, while the proposed language is confusing and could be read to inaccurately suggest that registrations only need to coincide with the boundaries of the BPS;
 6. Delete the deadline for seeking Panel review of a denial of UFLS-Only DP treatment, for consistency with the remainder of Section III, which in NERC’s proposal no longer includes any other deadlines for seeking Panel review;
 7. Delete from Sections III.B and III.C text that is duplicative of Section III.A, to avoid the unintended implication that text from III.A that is *not* repeated in III.B or III.C does not apply to those types of Registration;
 8. Ensure that all procedures in Section III.D cover the range of potential cases, and clarify that all Panel reviews are subject to the full set of applicable processes in Section III.D;
 - a. Restore currently-effective language at III.D.1, because NERC-proposed revision omitted materiality determinations;
 - b. Add language to proposed III.D.2.b to account for the fact that Panel reviews may involve the threshold registration criteria or UFLS-Only DP status. If a registered/candidate entity is arguing that it does not fit the criteria for registration for a function, it should not be required to make any additional demonstration regarding its immateriality. Similarly, if an entity argues that it meets the criteria for UFLS-Only DP status, it should not be required to address the impact of granting it such status. In both cases, if the Panel determines that the Regional

Entity has not shown that the entity meets the threshold criteria for registration, or that it does not qualify for UFLS-Only DP status, but the Regional Entity is nevertheless concerned about the entity's impact on reliability, the burden is on the Regional Entity to demonstrate the materiality of that impact.

- c. Restore the current Appendix 5A language with respect to burden of proof;
 - d. Revise proposed III.D.4.b.i to account for the fact that a Panel request may be submitted by a Regional Entity;
 - e. Revise NERC-proposed III.D.5 (in TAPS redline, renumbered as III.D.8) so that in cases where the Regional Entity submits the request for Panel review (e.g. requests to register based on materiality), it is not charged with providing a written assessment of its own Panel request;
 - f. Delete NERC-proposed III.D.7 (in TAPS redline, renumbered as III.D.11) ("Requests by a Regional Entity to add an entity that does not meet (i.e., falls below) Sections I through IV of the Registry Criteria or for a sub-set list of applicable Reliability Standards (which may specify the Requirements/sub-Requirements) will follow the same process as described in steps 2 - 6 above") because although sub-set lists are also included in NERC's proposed applicability provision in D.1 (rendering their mention in proposed D.7 duplicative but harmless), materiality determinations were included *only* in proposed D.7. NERC's proposed revisions would thus make Regional Entities' materiality requests subject to only some of the Subsection D procedures that apply to all other Panel reviews, and would entirely omit materiality-based requests by registered/candidate entities;
 - i. If the intent of proposed III.D.7 was to indicate that all Panel reviews, whether initiated by the Regional Entity or the registered/candidate entity, are subject to the procedures in Subsection D, the currently-effective D.1 language (which we propose to restore) does so more clearly, without confusion over whether some Panel reviews are except from certain procedures;
 - g. Restore currently-effective text, with an added reference to "any applicable guidance," in NERC-proposed III.D.9 (in TAPS redline, renumbered as III.D.12) with respect to the factors to be considered by the Panel. In cases involving application of the threshold criteria or UFLS-Only DPs, the Panel should be focusing on those criteria, not materiality in the abstract. In addition, as noted elsewhere, the materiality test should not be removed from Appendix 5B, and the reference to it should accordingly be retained here. Finally, while it does not make sense to enshrine a reference to a particular guidance document in NERC's ROP, we agree that referring more generally to applicable guidance is reasonable;
9. Restore currently-effective "good cause" standard to extensions of Panel review deadlines. Language added to the Purpose and Scope portion of Section III (which TAPS

proposes be moved back to its current location in Section III.A) includes a good cause standard, which presumably applies to the processes in subsections A through C; NERC has not justified changing the standard applicable to extensions in Panel reviews;

10. Restore language from currently-effective version regarding notification of entity's registration status pending review. NERC proposes to keep the parallel language for appeals in Section VI, but delete it from the Panel review procedure. This clarification of status is important in both Panel reviews and appeals, however;
11. Restore references to Appendix 5B's materiality test and notes throughout, for the reasons discussed above;
12. While not reflected in the attached redline, we also suggest that NERC reconsider its proposal to delete the flowcharts at the end of Section III, and instead (if this effort proceeds) revise or add to the existing flowcharts to provide clarity regarding the various registration and Panel review processes.

Section 500 – Organization Registration and Certification

Section 508(1) of the ROP lists the criteria that a CFR agreement must meet. NERC's proposed changes confusingly separate the requirement that a CFR agreement state which standards/requirements each entity is responsible for into two pieces. In the attached redline, TAPS proposes a solution. We also include some minor clarifying suggestions.

CONCLUSION

TAPS appreciates the opportunity to comment on NERC's proposed revisions to its Rules of Procedure. We urge NERC to withdraw this effort; but if it does not do so, it should address the concerns addressed herein in any future posting.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

4/27 TAPS PROPOSED CHANGES

Appendix 5A

Organization Registration and Certification Manual

Effective Date: _____, 2020

RELIABILITY | ACCOUNTABILITY



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Section I — Executive Summary

Overview

The purpose of this document is twofold: (1) to define the process utilized in the North American Electric Reliability Corporation (NERC) Organization Registration Program for identifying which functional entities must register as owners, operators, and users of the Bulk Power System (BPS) for compliance with Reliability Standards; and (2) to define the process utilized in the Organization Certification Program for certifying the following entities: Reliability Coordinator (RC), Balancing Authority (BA), and Transmission Operator (TOP).

To Whom Does This Document Apply?

All industry participants responsible for, or intending to be responsible for, the following functions must register with NERC through the Organization Registration process. The entities are defined in the NERC *Statement of Compliance Registry Criteria*, set forth in **Appendix 5B** to the NERC Rules of Procedure (ROP), with responsibilities designated by the individual Reliability Standards or by a sub-set list of the otherwise applicable Reliability Standards determined in accordance with this **Appendix 5A**, Section III(D) to the NERC ROP.

	Entities that Must Register	Entities that Need to be Certified
Reliability Coordinator (RC)	√	√
Transmission Operator (TOP)	√	√
Balancing Authority (BA)	√	√
Planning Authority (PA)	√	
Transmission Planner (TP)	√	
Transmission Service Provider (TSP)	√	
Transmission Owner (TO)	√	
Resource Planner (RP)	√	
Distribution Provider (DP)	√	
Generator Owner (GO)	√	
Generator Operator (GOP)	√	
Reserve Sharing Group (RSG)	√	
Frequency Response Sharing Group (FRSG)	√	
Regulation Reserve Sharing Group	√	

When did These Processes Begin?

The initial Registration process began in January of 2006. Registration of new entities is an ongoing process. If a Registered Entity's information changes, these changes must be submitted to the applicable Regional Entity(s).

Certification is ongoing for entities in accordance with Section IV and V of this manual.

Where to Access and Submit Form(s)?

Certification forms are provided on each Regional Entity's website. Completed forms are to be sent electronically to the Compliance and Certification Manager of the applicable Regional Entity(s). Registration information is submitted electronically via an online application that is hosted on the NERC website. If an entity operates in more than one Region, separate Registration applications must be completed and submitted to each of the Regional Entities. NERC will coordinate process execution when an entity is registering or certifying with multiple Regional Entities.

Roles and Responsibilities

The following is a high-level overview of the roles and responsibilities in the Registration and Certification processes:

NERC

1. Oversight of entity processes performed by the Regional Entities, including:
 - a. Governance per the Regional Entity's delegation agreement with NERC.
 - b. Coordination of process execution when an entity is registering and/or certifying with multiple Regional Entities.
2. Manage each entity's NERC Compliance Registry identification number (NERC ID) including:
 - a. Sending a Registration or Certification letter that contains the NERC ID to the applicable Regional Entity(ies) for review and approval. If the Regional Entity(ies) agrees with all the information provided, it will notify NERC to issue the NERC ID to the Registered Entity and will send a copy of the notification being provided to the Regional Entity(ies).
 - b. Ensuring each Registered Entity has only one NERC ID for all Regional Entities in which registered.
3. Make modeling changes based on Registration information.
4. Maintain accurate Registration and Certification records including granting Certification certificates for the Registered Entity(ies) responsible for compliance (including Joint Registration Organization (JRO)/Coordinated Functional Registration (CFR)).
5. Maintain published up-to-date list of Registered Entities (i.e. the NERC Compliance Registry (NCR)) on the NERC website. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.
6. Lead panel reviews in accordance with **Appendix 5A, Organization Registration and Organization Certification Manual**, Section III(D).

Regional Entity

1. Performs data collection and mapping of BPS Facilities and those Facilities that have a material impact on the BPS within its Regional Entity defined reliability Region boundaries.
2. Approves or disapproves entity Registration applications.
3. Reviews entity Certification applications for completeness.
4. Notifies NERC of entities registered with the Regional Entity.
5. Approves or denies Certification Team (CT) recommendations and notifies the entity and NERC of the decision.
6. Provides leadership to the CT throughout the Certification process.

Entity Submitting the Application

1. Completes and submits Registration and/or Certification application.
2. Submits updates to Registration and/or Certification information as necessary and/or requested.
3. Responds to Regional Entity and/or NERC questions pertaining to Registration and/or Certification.
4. Provides documentation or other evidence requested or required to verify compliance with Certification requirements.

Section II — Introduction to Organization Registration and Organization Certification Processes

The processes utilized to implement the Organization Registration and Organization Certification Programs are administered by each Regional Entity. Pursuant to its delegation agreement with NERC, each Regional Entity is responsible for registering and certifying industry participants within its Regional Entity reliability Region boundaries. Each Regional Entity must use the following NERC processes.

Organization Registration — Entities Required to Register

All industry participants responsible for one or more of the functions below must register for each function through the Organization Registration Program. These entities are defined in the NERC *Statement of Compliance Registry Criteria*.

- RC
- TOP
- BA
- PA
- TP
- TSP
- TO
- RP
- DP
- GO
- GOP
- RSG
- FRSG
- Regulation Reserve Sharing Group

The Registration procedure is in Section III of this manual.

Organization Certification

Prospective and existing Registered Entities intending to perform or performing the RC, TOP, and/or BA functions shall achieve and/or maintain certification to operate one to more RC, TOP, and /or BA Areas. Every TOP, BA, and RC Area shall have a certified TOP, BA and RC responsible for performing the duties and tasks identified in and required by the Reliability Standards.

Certification is required prior to the start of, and during the operation of a TOP, BA, or RC Area, subject to exception in NERC's sole discretion (conditional Certification). In such exceptions, the Registered Entity must satisfy conditions imposed according to an implementation plan agreed to by NERC to continue or discontinue operating its Area(s).

The activities of the program are designed to identify issues that, if not closed, could lead to unacceptable performance of the duties and responsibilities applicable to the certified function. The absence of a certified RC,

TOP, and/or BA, for any Area jeopardizes the functional relationships within and between Areas specified by the Reliability Standards, and may lead to the inability of Registered Entities to maintain compliance with standards requiring performance with respect to those relationships.

The Certification/Review Team (CT) works to establish one of the two Findings below, utilizing Open Issues and Areas of Concern derived from an in-depth review and well-documented assessment of an entity's capability to perform the tasks of the certifiable function. Open Issues are items that must be closed before (continued) Certification is recommended.

- Certification/Review Team (CT) recommends (initial or continued) certification contingent upon resolution of specified Open Issues
- Certification/Review Team (CT) cannot recommend (initial or continued) certification. (Usually where the applicant contests Open Issues. The applicant has remedy in the appeal process of Section VII.)

This Certification process is described in Section IV of this manual. Certification reviews are conducted according to Section V. The Registered Entity is required to start operation of its Area within 12 months of being NERC certified.

Section III — Organization Registration Process

Purpose and Scope

The purpose and scope of this process is to provide guidance on how a user, owner, and/or operator of the BPS should be registered in the NCR. NERC may extend the timelines for processing Registration matters for good cause shown. Requests should be sent to the Director of Compliance (or an equivalent position). NERC shall notify the Registered Entity and the Regional Entity of such time extensions

Comment [A1]: This provision should be moved back to its current location in III.A for the sake of clarity; the revised placement doesn't make sense and creates confusion.

Overview

Section 39.2 of the Commission's regulations, and Title 18 of the C.F.R. § 39.2, requires each owner, operator, and user of the BPS to be registered with NERC and to comply with approved Reliability Standards.

Owners, operators, and users of the BPS will be registered by function(s) and are:

1. Responsible for compliance with all applicable Requirements/sub-Requirements within Reliability Standards approved by Applicable Governmental Authorities, for the applicable functions for which the Registered Entity is registered, except to the extent that an entity is granted a sub-set list of applicable Reliability Standards, which specifies the Reliability Standards and may specify Requirements/sub-Requirements by NERC, in which case the entity will be responsible for compliance with only such sub-set list; and,
2. Subject to the compliance monitoring and enforcement requirements of Section 400 of the ROP.

If an entity does not agree with a Registration determination, it may request a NERC-led Registration Review Panel evaluation in accordance with Section III(D) of Appendix 5A. Entities should seek a determination from the NERC-led Registration Review Panel prior to making an appeal to the BOTCC in accordance with NERC ROP Section 500 and Section VI of Appendix 5A.

For Registration determinations dependent on application of the BES Definition, NERC has established a procedure to determine Inclusion and Exclusion Exceptions to the BES Definition (Appendix 5C). Appendix 5A relates to Registered Entity status whereas Appendix 5C relates to an Element's BES status. In cases where a BES Exception determination pursuant to Appendix 5C directly impacts an entity's functional registration requirements, the entity must initiate the BES Exceptions process prior to requesting a Registration change in status, and should be aware that the determination in that proceeding may be necessary prior to reaching a final decision on the NERC-led Registration Review Panel decision. This situation is dependent on facts and circumstances.

A. Organization Registration Process

1. This procedure applies to the following applicable entities: those entities to be registered for the first time, currently registered or previously registered entities for which registration changes are sought. Deactivation, Reactivation, and Registration for a sub-set list of Reliability Standards are types of Registration and thus subject to this process. Additional procedures and deadlines applicable to Deactivation and Reactivation are set out in Subsections B and C, respectively.
2. Applicable entities shall begin the Registration process by submitting a completed ~~Registration~~ application to the Regional Entity(ies) of the reliability Region(s) where the entity performs or intends to perform its function(s) (~~Registration Application~~ forms are provided on each Regional Entity's website).
 - a. At any time, an entity may recommend in writing, with supporting documentation, to the Regional Entity(ies) that an entity be added to or removed from the Compliance Registry.

Comment [A2]: Added for clarity; one interpretation of NERC-proposed text was that determinations on materiality-based additions to the registry required Panel review, but determinations on materiality-based *deactivations* could be summarily decided by the Regional Entity. NERC Staff clarified that this interpretation was not their intent.

Comment [A3]: We have not verified whether all Regions use (and will continue to use) a single "Registration" form for all of these activities (registration, deactivation, sub-set lists).

- b. If an entity does not have a NERC ID, NERC shall assign one.
- c. An entity responsible for more than one function will use a single NERC ID.
- d. The Registration process for an entity may also be initiated by a Regional Entity, NERC, or Applicable Governmental Authority.
- e. At any time, an entity whose registration is at issue may request expedited treatment and waiver of applicable timelines. NERC, in its sole discretion, shall determine if such a request will be granted and alternative timelines. NERC's decision is not a final decision that is subject to appeal.

f. The following issues require determination by a NERC-Led Registration Review Panel:

- i. If, based on the entity's materiality to BES reliability, the Regional Entity proposes to register an entity that does not meet the criteria set forth in Appendix 5B, Statement of Compliance Registry Criteria, the Regional Entity will submit a request for a determination by a NERC-Led Registration Review Panel in accordance with Appendix 5A Section III(D).
- ii. If based on the entity's lack of materiality to BES reliability an entity that meets the criteria set forth in Appendix 5B, Statement of Compliance Registry Criteria, believes that it should not be registered the entity may submit a request for a determination by a NERC-Led Registration Review Panel in accordance with Appendix 5A, Section III(D).
- iii. An entity seeking to be registered for a sub-set list of Reliability Standards may submit a request for a determination by a NERC-Led Registration Review Panel in accordance with Appendix 5A Section III(D).¹

2-3. NERC shall coordinate Registration of entities that are required to register with multiple Regional Entities in order to ensure consistency of the Registration process.

3-4. For entities applying for the BA, RC, and TOP functions, Certification is required prior to Registration. The entity should initiate the Certification process per Section IV of this manual.

4-5. Regional Entities shall evaluate the submitted information and determine if the information is complete/correct. If the information is not complete/correct, the entity will be notified to complete/correct or clarify the Registration information.

5-6. A single entity must register for all functions type(s) that it performs itself. Provided that, an entity may execute an agreement to register as a Lead Entity of a JRO on behalf of one or more of its parties to the JRO agreement for one or more function type(s) for which the parties would have otherwise been required to register for. The Lead Entity thereby, accepts on the parties' behalf of such compliance responsibility for all Requirements/sub-Requirements of Reliability Standards applicable to that function or those functions including reporting requirements.(ROP Section 507)

6. Multiple entities may each register for a function and delineate compliance responsibility for that function using a CFR for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function type.(ROP Section 508)

7.

7-8. In completing the Regional Entity responsibilities for the Registration process, the following are key items the Regional Entity must verify:

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Comment [A4]: NERC-proposed A.8.a revised and relocated as explained in TAPS comments at 6-7, Item 4.

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¹ If NERC has established clearly defined criteria for eligibility for a sub-set list of applicable Reliability Standards and has identified the sub-set list that may apply to similarly situated entities, such criteria shall govern the applicability of such sub-set list and such a matter shall not proceed to the NERC-led review panel unless there is a dispute by the entity whose sub-set list treatment is at issue. (See e.g. UFLS-Only DPs.)

Section III — Organization Registration Process

a. That function registrations meet the geographical and electrical ~~Registration boundaries requirements of the areas of the Bulk Power System (ROP Section 501(1.4)).~~

b. The Registration submission includes all data requested by NERC that is necessary for accurately identifying and contacting the Registered Entity.

Comment [A5]: Restored currently-effective language as set forth in TAPS comments at 7, Item 5.

~~8.~~

9. The Regional Entity shall forward all Registration information to NERC for inclusion of an entity on the NCR:

a. ~~If the Regional Entity's Registration determination involves (i) the materiality test set forth in the Risk Based Registration Implementation Guidance (found on the NERC website); or (ii) a sub-set list of Reliability Standards (which specifies Requirements and may specify sub Requirements); or (iii) a dispute by an entity which objects to registration, the Regional Entity will request that a NERC led Registration Review Panel will be convened in accordance with Appendix 5A, Section III(D).~~

Comment [A6]: Revised and relocated as set forth in TAPS comments at 6-7, Item 4.

b. Within five business Days of a Registration determination by NERC or the NERC-led review panel, as applicable, NERC will forward the proposed additions or changes to the NCR to the Regional Entity for review and comment.

c. The Regional Entity has five business Days to respond to the proposed changes.

d. If NERC does not receive any comments, the NCR will be revised. If NERC does receive comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.

10. NERC updates the NCR and notifies the applicable Registered Entity(ies) within five business Days of the update.

11. An entity may request a NERC-led Registration Review Panel assessment of Registration determinations in accordance with **Appendix 5A**, Section III(D).

12. The Registered Entity may appeal the final registration determination by NERC in accordance with the ROP Section 500 and Section V of **Appendix 5A**.

13. The NCR shall be dynamic and will be revised as necessary to take account of changing circumstances. Per the Regional Entity's delegation agreement, the Regional Entity will take any recommendation received under Section 1.a, and other applicable information, under advisement as it determines whether an entity should be on the NCR.

a. Each Registered Entity identified in the NCR shall notify its corresponding Regional Entity and/or NERC of any corrections, revisions, deletions, changes in ownership,³ corporate structure, or similar matters that affect the Registered Entity's responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards. (ROP Section 400).

b. Each Regional Entity has an independent obligation, even in the absence of a notification by an entity, to review and submit updates to the NCR to NERC, consistent with the procedures in this Section III, with appropriate notification to the affected entities, to the extent the Regional Entity is aware of, or possesses information that the NCR should be updated. These updates include, but are not limited to, conditions on which the sub-set list are no longer applicable, or where a new and emerging risk to reliability is identified that changes the basis upon which the entity was

² If NERC has established clearly defined criteria for eligibility for a sub-set list of applicable Reliability Standards and has identified the sub-set list that may apply to similarly situated entities, such entities shall govern the applicability of such sub-set list and such entities shall not proceed to the NERC-led review panel, unless the entity whose sub-set list it is at issue. (See, e.g., UFLS Only DPs.)

³ This includes changes to BES Elements owned (status changes, new facilities, and retirements).

deactivated, deregistered, or upon which a sub-set list of requirements was made applicable, in addition to deactivation² of entities that no longer meet the applicable registration thresholds. This does not excuse the Registered Entity from its obligation to provide such required notifications.

14. Entities registered or subject to registration as a DP that qualify as Underfrequency Load Shedding (UFLS)-Only DPs shall submit Registration information to the Regional Entity. The UFLS-Only DP shall be subject only to the sub-set list of Reliability Standards identified in **Appendix 5B**. Within 50 Days of the entity's submission of the Registration information to the Regional Entity, the Regional Entity shall issue a decision as to whether UFLS-Only DP treatment is appropriate. If the Regional Entity concludes that it is, then the Regional Entity shall forward the information to NERC and NERC will forward the proposed additions or changes to the NCR to the Regional Entity for review and comment. The Regional Entity has five business Days to respond to the proposed changes. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly. NERC updates the NCR and notifies the applicable Registered Entity(ies) within five business Days of the update. If the entity whose registration is at issue does not agree with the Regional Entity's decision regarding UFLS-Only DP treatment, the entity may, ~~within 30 Days of issuance of the decision,~~ seek review by the NERC-led Registration Review Panel in accordance with **Appendix 5A**, Section III(D).

~~14.15.~~ NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance. P2F-3-P NERC shall notify the Registered Entity and the Regional Entity of such time extensions.

Comment [A7]: Deleted for consistency with remainder of Section III, which contains no other deadlines for entities to seek Panel review.

Comment [A8]: Proposed to be moved back to A from Purpose and Scope section; its inclusion there seems confusing.

B. Deactivation Process

1. The term Deactivation refers to removal of an entity from the NCR for a specific functional category.
- ~~2. Deactivation shall be governed by the procedures in Appendix 5A Sections III(A) and III(D) and this Section III(B).~~
3. As a result of Deactivation, the entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that functional category.
4. If all functional categories have been deactivated for a given entity, such entity would be deregistered and removed from the NCR. However, the entity's compliance history will be retained. In its letter notifying the entity of its Deactivation or deregistration, as applicable, NERC will notify the entity of the required retention period, in accordance with the NERC ROP.
5. A Registered Entity may submit a request for Deactivation and supporting information to the Regional Entity at any time. Such information shall include:
 - a. Entity name and NCR ID number;
 - b. Functions for which Deactivation is requested; and
 - c. The basis on which Deactivation is requested, including supporting documentation, which may be limited to an attestation, if appropriate.
6. The Regional Entity shall request any additional information from the Registered Entity within 10 Days of receipt of the request for Deactivation.
7. The Registered Entity shall provide the additional information within 20 Days of its request for Deactivation.
8. The Regional Entity will issue a decision within 50 Days of the date of receipt of all requested information from the Registered Entity.
9. If the Regional Entity agrees with the request for Deactivation, it shall forward its Deactivation determination to NERC within five business Days of issuance of the decision.
10. If NERC accepts the Deactivation determination and the Registered Entity agrees with the determination, NERC will forward within five business Days of receipt of the Deactivation determination from the Regional Entity, the proposed additions or changes to the NCR to the Regional Entity for review and comment.
 - a. The Regional Entity has five business Days to respond to the proposed changes.
 - b. If NERC does not receive any comments, the NCR will be revised. If NERC receives comments, NERC will work with the Regional Entity to the extent changes are needed to the NCR and will revise the NCR accordingly.
 - ~~c. If the Regional Entity or NERC does not agree with and approve a request for Deactivation, the Registered Entity may seek review by the NERC-led Registration Review Panel in Appendix 5A, Section III(D).~~

Comment [A9]: Added for consistency with NERC-proposed C 3; may not be necessary if NERC accepts TAPS proposed added text at A.1 re applicability of subsection A to Deactivations and Reactivations.

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Comment [A10]: Already covered in subsection A; deleted to avoid implication that un-repeated provisions from A do not apply to Deactivations.

C. Reactivation Process

1. NERC maintains the NCR, which identifies each Registered Entity and the applicable functional categories for which it is registered.
2. The term Reactivation refers to re-registration of an entity to the NCR for a specific functional category or the revocation of, or additions to, a sub-set list of Reliability Standards (which specifies Reliability Standards and may specify Requirements/sub-Requirements) that has been granted to an entity. Reactivation may be initiated by NERC, a Regional Entity or an entity with respect to such entity's own functional categories or sub-set list of Reliability Standards (which specifies Reliability Standards and may specify Requirements/sub- Requirements).
3. Reactivation shall be governed by the procedures in ~~this manual~~ **Appendix 5A Sections III(A) and III(D) and this Section III(C).**
4. As a result of Reactivation, and consistent with the implementation plan to be developed pursuant to this paragraph, the entity shall prospectively comply with all Reliability Standards applicable to that functional category, or with the sub-set list specified in the Reactivation determination, unless otherwise notified. Within 30 days of a final Reactivation determination, the entity shall submit a proposed implementation plan to the Regional Entity detailing the schedule for complying with any Reliability Standards applicable to the Reactivation. The Regional Entity and Registered Entity shall confer to agree upon such schedule. If the Regional Entity and Registered Entity are unable to agree on the implementation plan, the Regional Entity shall notify the NERC Director of Compliance (or an equivalent position) of the disagreement, and shall provide statements of the Regional Entity's and the Registered Entity's positions, and NERC shall specify a reasonable implementation schedule.
5. The entity's prior compliance history will be retained and shall apply with respect to the Reactivation. In its letter notifying the entity of its Reactivation, NERC will notify the entity of its registration in accordance with the NERC ROP.
6. ~~The Registered Entity may file a registration appeal with the NERC BOTCC in accordance with the provisions set forth in Appendix 5A, Section VI, if it does not agree with the determination of the NERC-led Registration Review Panel.~~

Comment [A11]: Added specificity for the sake of usefulness; this provision may not be necessary at all if NERC accepts TAPS proposed addition to A.1.

Comment [A12]: Deleted as duplicative of Subsections A and D.

D. NERC-led Registration Review Panel Process

1. NERC shall establish a NERC-led Registration Review Panel (Panel) comprised of a NERC lead with Regional Entity participants, to evaluate ~~requests for Deactivation of or decisions not to register an entity that meets requests for 1) Registered Entity requests for deactivation of, 2) disputes regarding the application of Sections I through IV of the Registration Criteria or requests to add an entity that does not meet (i.e. falls below) Sections I through IV of the Registry Criteria as well as disputes regarding the application of Sections I through IV of the Registration Criteria and requests for a sub-set list of applicable Reliability Standards (which may specify the Requirements/sub-Requirements) resulting in Registration of an entity and 3) requests for a sub-set list of applicable Reliability Standards (which may specify the Requirements/sub-Requirements).~~
 - a. The Panel will be comprised of a standing pool of individuals with relevant expertise from NERC and each of the Regional Entities. Individuals with relevant expertise shall be appointed by the Regional Entity senior executive (CEO, President, General Manager, etc.) and individuals with relevant expertise shall be appointed by the NERC senior executive (CEO, President, General Manager, etc.). NERC shall select the Panel members for a given matter from the standing pool.
 - b. Panel members for a given matter shall comply with Subsection 7 of Section 403 of the NERC ROP, shall not be employed by the Regional Entity whose determination is being reviewed or have otherwise participated in the review of the registration matter, and shall have the required technical background to evaluate registration matters.
2. An entity requests a Panel review by completing an application using the **NERC-led Review Request Form** (Form) available on the NERC website (www.nerc.com).
 - a. The Form provides instructions for submittal of documentation and data associated with the request.
 - b. The entity should include a description of the applicability of Sections I through IV of the Registration Criteria (including any Pre-Existing Sub-Set List) to the entity whose registration status is at issue, an evaluation of materiality, and/or an assessment of the impact of a subset of reliability standards, as appropriate.
- ~~e.3.~~ The burden of proof is on the entity that makes the request for a Panel review.
- ~~3.4.~~ NERC will review the submitted documentation and determine if the application is valid.
 - a. If the application is deemed not valid, NERC will send a written notification to the applicant via email with a reason why the application was rejected.
 - b. If the application is deemed valid, NERC will send a written notification to the applicant via email informing the entity that the application was accepted and acknowledging receipt of a valid Panel request.
 - i. For valid requests, similar notification will also be sent by NERC as applicable to the applicable Regional Entity(ies), the entity whose registration status is at issue, and the applicable RC, BA, TOP and PC.
 - ii. To ensure there is no confusion with respect to the rights and responsibilities of a Registered Entity during the panel review process the notification will confirm whether the Registered Entity will remain on the NCR and will be responsible for compliance with approved Reliability Standards applicable to the function under review
5. With respect to review of the application of the criteria contained in the Statement of Compliance Registry Criteria Sections I through IV, the burden of proof is on NERC and the Regional Entity to demonstrate that an entity meets the Registry Criteria for registration.

Comment [A13]: Restored currently-effective language, which encompasses all types of Panel review. NERC-proposed version left out materiality-based determinations (whether initiated by the Regional Entity or the registered/candidate entity).

Comment [A14]: Added for the reason set forth in TAPS comments at 7-8, Item 8.b.

Comment [A15]: Deleted for the reasons set forth in TAPS comments at 4-6.

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Comment [A16]: The Panel request could be submitted by the Regional Entity, in which case the entity whose status is at issue would need to be notified.

Comment [A17]: Restored from currently-effective version as discussed in TAPS comments at 9, Item 10.

Section III — Organization Registration Process

6. The burden of proof with respect to the materiality test, set forth in Appendix 5B, Statement of Compliance Registry Criteria is on the entity making the request i.e. the entity asking to be excluded from the NCR (despite satisfying the threshold criteria)⁴ and the Regional Entity seeking to include an entity in the NCR (that does not satisfy the threshold criteria).

7. The burden of proof with respect to a determination as to whether an entity's compliance obligations should be limited to a specified sub-set of otherwise applicable Reliability Standards is on the entity requesting such treatment, provided, however, that where NERC has established clearly defined criteria for eligibility for a sub-set of applicable Reliability Standards (which may specify Requirements/sub-Requirements) and has identified the sub-set list that may apply to similarly situated entities (e.g., UFLS-Only DPs), the burden of proof to demonstrate that an entity does not meet the criteria for such a subset list is on the Regional Entity and NERC.

4-8. The applicable Regional Responding Entity(ies)⁵ is required to will provide a written assessment of the Panel request to all parties including NERC, the RC, BA, TOP and PC within 20 days of notification by NERC of a valid Panel request.

- a. The RC, BA, TOP and PC are also requested to provide a written assessment to all of the parties within 20 days of the notification.
- b. The entity that submitted the request for Panel review can provide a written response of an assessment(s) received to all of the parties within 30 days of the notification.

5-9. The Panel will evaluate all documentation, assessments and responses submitted as the basis for its decision. The Panel may issue a request for information to the entity or any of the parties and will copy all parties on any such correspondence. The Panel will render its decision within 60 days after the last data submittal or relevant correspondence is received related to the request from any party.

6-10. The standard of proof in any proceeding under these procedures shall be by a preponderance of the evidence.

7-11. Requests by a Regional Entity to add an entity that does not meet (i.e., falls below) Sections I through IV of the Registry Criteria or for a sub set list of applicable Reliability Standards (which may specify the Requirements/sub Requirements) will follow the same process as described in steps 2 – 6 above.

8-12. In reaching a decision, the Panel will examine apply the materiality test and other criteria and notes as applicable, as set forth in the Appendix 5B Statement of Compliance Registry Criteria and in any applicable Risk Based Registration Implementation Guidance. The Panel shall also include a review of individual and aggregate system-wide risks to, and considerations of, reliability of the BPS, as well as the BES Definition, as applicable.

9-13. NERC may use its discretion to extend the timelines of the Panel process for good cause. Any entity may also request to extend the timelines by sending an email to the NERC Director or Manager responsible for Registration. NERC shall notify all parties of such time extensions.

10-14. The Panel decision will be issued to the entity whose registration status or sub-set list treatment is at issue the Regional Entity, and the referenced RC, BA, PA and TOP. The decision (including its basis) will also be posted on the NERC website, with confidential information redacted in accordance with

Comment [A18]: Restored currently-effective language as discussed in TAPS comments at 4-6.

Comment [A19]: Where the request is submitted by the Regional Entity (e.g. materiality registrations), it doesn't make sense for the Regional Entity to provide an assessment of its own Panel request.

Comment [A20]: Revised because the entity whose status is at issue could theoretically decline to provide a response to the Regional Entity's Panel review request.

Comment [A21]: Deleted, and restored existing language at D.1, as set forth in TAPS comments at 8, Item 8.f, and at 7, Item 8.a, respectively.

Comment [A22]: Restored currently-effective language as set forth in TAPS comments at 8, Item 8.g.

Comment [A23]: Restored for the reasons set forth in TAPS comments at 9, Item 9.

Comment [A24]: Restored currently-effective language for clarity.

⁴ By way of example the Registered Entity whose Deactivation request was denied by the Regional Entity bears the burden of proof (i.e. on materiality) and both requests panel review and makes the submissions required under 6(a) and (c) unless the issue involves the Regional Entity's application of the threshold criteria. If the issue involves the Regional Entity's application of the threshold criteria, then the Regional Entity bears the burden of proof and makes the submissions required by sections 6(a) and (c), although it is the Registered Entity who makes the request for panel review.

⁵ If the request for Panel review was submitted by the entity whose status is at issue the applicable Regional Entity(ies) is the Responding Entity. If the Regional Entity submits the request for Panel review the entity whose status is at issue is the Responding Entity.

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Section 1500 of the NERC ROP.

~~11.15.~~ Any needed changes to the NCR resulting from the Panel decision will be initiated by the Regional Entity in accordance with the Organization Registration Process of this manual. An entity may file an appeal with the BOTCC, in accordance with NERC ROP Section 500 and **Appendix 5A**, Section **VJ**, if it wishes to dispute the registration determination of the Panel.

Section IV — Organization Certification Process

Purpose and Scope

Reliability Coordinators, Transmission Operators and Balancing Authorities take actions in Real-time that impact the reliable operation of the Bulk Power System. Certification activities assess the processes, procedures, tools, and training these organizations use in performing these functions and provide a prospective level of assurance that the organization has the capacity to meet the reliability obligations of its registration. The Certification will adhere to the following process to the extent allowed by the circumstances.

Overview

See Figure 2 *Organization Certification Process Overview* for an overview of the Certification process.

Organization Certification Process

Initiation

1. Certification processes shall begin upon the Regional Entity's receipt of a certification application for a Registered Entity or prospective Registered Entity; or when an entity has been registered by NERC for the functions of BA, RC, and TOP.
 - a. An entity in a single Regional Entity reliability region shall initiate the Certification process by completing a Certification application (Certification applications are provided on each Regional Entity's website) and sending it to that Regional Entity which will manage the Certification process.
 - b. An entity in multiple Regional Entity reliability regions shall initiate the Certification process by completing a Certification application (Certification applications are provided on each Regional Entity's website) and sending it to each Regional Entity. Each Regional Entity will inform NERC of the request with a recommendation for which Regional Entity will provide the leadership to manage the Certification process. NERC will determine which Regional Entity shall lead review of the application.
 - c. The Regional Entity leading the review of the application shall review the application, and respond and acknowledge receipt or requests for more information within 30 days of its receipt of the request.
 - i. If the application is not complete or accurate, the Regional Entity will notify the entity to revise the application as needed.
 - ii. As part of such review, the Regional Entity may issue a determination rejecting an application on a procedural basis if the Regional Entity determines that the applicant would fail to meet Registry Criteria or would otherwise not be able to competently perform the duties and responsibilities required under relevant Reliability Standards for the applicable Area.
2. Upon accepting the request for certification for substantive review, the Regional Entity shall identify a team lead (CTL) for the certification activity.
 - a. The Lead Entity that has taken responsibility for Reliability Standards and/or Requirements/sub-Requirements applicable to the function of BA by virtue of being a member of a JRO, CFR, or other agreement shall be the entity NERC certifies to operate the BA Area(s).
 - b. The Lead Entity that has taken responsibility for Reliability Standards and/or Requirements/sub-Requirements applicable to the function of TOP by virtue of being a member of a JRO shall be the entity NERC certifies to operate the TOP Area(s).
 - c. Both the Lead Entity that has taken responsibility for Reliability Standards and/or

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Requirements/sub-Requirements applicable to the function of TOP by virtue of being a member of a CFR and each CFR participant in coordinated functional registration with the Lead Entity shall be the entities NERC certifies to operate the TOP Area(s).

- d. The Lead Entity that has taken responsibility for Reliability Standards and/or Requirements/sub-Requirements applicable to the function of RC by virtue of being a member of a JRO, CFR, or other agreement shall be the entity NERC certifies to operate the RC Area(s).
 - e. For an entity that is not required to be certified, but performs tasks associated with BA, RC, or TOP in accordance with 2(a, b, c, or d), the Regional Entity(ies) shall consult with the Registered Entity regarding the applicability of a “capability verification” or “readiness evaluation” for those tasks.
 - f. The Regional Entity or NERC may initiate certification processes based on documented conversations or other communications with a Registered Entity that contains information equivalent to that of the application.
3. The CTL shall notify NERC of the request for certification, and the following will take place:
- a. The CTL and NERC will review the request for certification and concur on acceptance. When the application is deemed complete and accurate, it will be accepted.
 - b. If accepted, the CTL will inform the Registered Entity of the decision to initiate certification activities.
 - i. The entity and the Regional Entity shall agree to a timeline including specific milestones for the Certification process. The proposed schedule for the Certification Process shall be submitted to NERC for approval. NERC shall review the draft final schedule and will (i) approve; (ii) modify; or (iii) reject the final schedule within 45 days of receipt from the CTL.
 - ii. Certification activities are expected to be completed allowing sufficient time to correct any Open Issues noted in the entity’s preparedness prior to the effective date of an entity’s registration.
 - c. In the case when an entity has been registered by NERC on behalf of the entity for the functions of RC, TOP, or BA Certification activities will be concurrent with the entity’s registration implementation plan.

Planning

1. The CTL shall form the team that will be responsible for performing the activities included in the Certification process.
 - a. Participants shall adhere to NERC’s confidentiality requirements for any data or information made available through the Certification process. Participants shall not be employees of or have a direct financial interest in the entity or any of its affiliates.
 - b. Certification teams (CT) shall consist of the following:
 - i. For BA certifications, the CT shall have representation from an existing BA, the entity’s proposed RC, TOP, each affected Regional Entity, and NERC.
 - ii. For RC certifications, the CT shall have representation from an existing RC, and a BA and a TOP in the proposed Reliability Coordinator Area, each affected Regional Entity, and NERC
 - iii. For TOP certifications, the CT shall have representation from an existing TOP, the entity’s proposed BA(s) and RC, each affected Regional Entity, and NERC
 - iv. Additional CT members with expertise in any of the NERC registry functional areas may be added as necessary (i.e., NERC, Regional Entity staff).
 - c. If the entity objects to any member of the CT, the entity must make that known, in writing, to the Regional Entity listing the reasons for the objection. The Regional Entity will either replace the team

Section IV — Organization Certification Process

member or respond with written justification for keeping the member on the team.

- d. Entities such as government representatives or other stakeholders may be observers in the Certification process.
2. CT members shall have the necessary diversity in their technical training and experience to collectively represent the subject matter competencies needed to perform the evaluation of the specific function being certified. Previous experience as a System Operator, Operations Support Personnel or management of a Control Center is desired for CT members performing the on-site visit.
3. The CT shall review the Certification application (and Entity information available through other ERO programs) with NERC to determine the scope of the assessment. The CTL shall identify the competency areas to be evaluated based on the function(s) for which the entity is to be certified and the method(s) for their evaluation.
4. The CTL shall ensure all CT members have completed the following:
 - a. Certification team member training requirements as established by NERC
 - b. Non-ERO employees shall also complete the following:
 - i. Certification team member training record form
 - ii. Certification team conflict of interest form
 - iii. An ERO confidentiality agreement form
5. The CTL shall review the certification application (and Entity information available through other ERO programs) with NERC to determine the scope of the assessment. The CTL shall identify the competency areas to be evaluated based on the function(s) for which the entity is to be certified and the method(s) for their evaluation.
6. The CTL shall utilize a secured server to distribute and house all relevant certification activity documents, including but not limited to the following:
 - a. The application or other documented correspondence with the registered entity initiating the certification activity
 - b. All relevant correspondence between the CTL and the applicant, including the certification packet (as described in step 6 below)
 - c. All relevant correspondence between the CTL and the CT members
 - d. The work papers used to evaluate the entity during the process
 - e. The overall process schedule
 - f. The agenda for the on-site visit
 - g. The final certification report
 - h. The Regional Entity certification process check sheet indicating the completion of certain process check-points
7. A Certification packet shall be developed and sent to the entity at least ninety (90) days prior to an on-site visit. It shall contain the following:
 - a. Notification of the certification process
 - b. Logistic information request
 - c. The tentative overall process schedule and on-site agenda
 - d. The CT roster and member biographies
 - e. Request of confirmation of no-objections to CT members

- f. Pre-certification survey that must be returned to the CTL within fifteen (15) days of receipt
 - g. Any initial requests for information
8. CTL shall contact the entity within one week of submitting the packet to confirm receipt of the package and discuss any concerns the entity may have.
9. The entity shall complete and return the requested information and supporting documentation no later than four (4) weeks prior to the on-site visit.
10. The CTL and CT shall review the logistic information request response, in order to do the following:
- a. Understand the entity's expectations of the CT when on site
 - b. Make all travel arrangements
11. If the CT is to be broken into smaller groups, the CTL shall identify sub-teams and assign a scribe(s) to document the assessment:
- a. For complex Certifications, the CTL may assign members of the CT to different focus areas. For example:
 - i. Facilities: Examples may include the physical cyber assets against the CIP standards, the cyber training, the maintenance contracts and records for the facilities, the electrical system and uninterruptible power supply (UPS), the cybersecurity of servers, passwords, etc., per the CIP standards, and the physical installation of data and voice equipment.
 - ii. EMS/SCADA: Interview the EMS/SCADA SMEs to ensure that the tools will provide adequate situational awareness against the NERC standards. Ensure adequate change control of the EMS/SCADA. Review the data transfer, server, applications, and redundancy configuration of the core tools including EMS, OSI-PI, ICCP, outage scheduling, scheduling, map-board displays, communication systems, etc.
 - iii. Operator Preparedness: Interview the operators at their workstations and ask them to present the tools, procedures, and job aides in use for normal day-to-day and emergency operations. This could include cyber intrusion detection and real-time assessment. Interview the training staff regarding initial training needed to support the transition to the new responsibilities and continuing training to the NERC standards.
 - iv. Critical Infrastructure Preparedness: Interview the CIP staff to understand how critical infrastructure protections are being utilized.
 - b. The CTL shall ensure documentation used to substantiate the conclusions of the Certification (Review) is collected from each sub-team.

Fieldwork

1. Areas of capability to be evaluated by the certification activity shall be tailored to the situation and matched with appropriate assessment methods (e.g., validation of legacy information, review of entity responses, document review, direct observation, or personnel interview, etc.)
2. The CTL shall schedule a document review(s) with the CT prior to the on-site visit. Document reviews could take place face-to-face or via teleconference.
3. During document reviews, the CT shall note all the following:
 - a. Follow-up or corroborating questions for the entity's management, SMEs, and system operators based upon the review of supporting documentation

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- b. Additional requests for information (to be submitted to the entity prior to the on-site visit.)
 - c. Comments during the document review that support the entity's abilities to perform the function for which the entity applied and indicate items which do not need further review
 - d. Issues that need to be addressed prior to certification being granted
4. The CTL shall provide the entity a final schedule and agenda for the on-site visit based upon the results of the document review.
 5. The CT one on-site visit to the entity's location where operational functionality is performed shall include the following:
 - a. Opening presentation
 - b. At a minimum, the team will:
 - i. Review with the entity the data data that is available only onsite;
 - ii. Interview the operations, management, and training personnel;
 - iii. Inspect the Facilities and equipment associated with the function being certified;
 - iv. Request demonstration of all tools identified in the scope of the Certification;
 - v. Review documents and data including agreements, processes, and procedures identified in the document review;
 - vi. Verify operating personnel Certification credentials and proposed work schedules; and,
 - vii. Review any additional documentation resulting from inquiries arising during the site-visit.
 - c. The CT shall interview other entity personnel as required to clarify responses covered in the document review.
 - d. At the end of each day, the CT will meet for the debriefing. The CTL shall lead a daily debriefing with the entity in order to do the following:
 - i. Identify the status of the assessment
 - ii. Identify any items of concern that need to be addressed
 - iii. Provide an update to the schedule
 - e. The CTL shall provide an exit briefing at the end of the on-site visit in order to do the following:
 - i. Identify any Open Issues that need to be addressed, and identify a timeline for follow-up to closure
 - ii. Discuss the reporting process
 - iii. Discuss the next steps in the certification process, including any Areas of Concern and the schedule of a post-onsite visit, if required.
 - iv. Convey that entity feedback forms will be sent to the entity with a sincere request for candid feedback.

Reporting

1. The CTL will provide the CT and entity with feedback forms, and request that they are returned within five (5) calendar days with a copy to NERC.Certification@nerc.net.
2. After completion of the on-site visit, the CTL shall develop a draft final report, in coordination with input from the CT, which presupposes all Open Issues are closed. The format for the report shall conform to the template posted on the NERC website, generally containing:
 - Title page

Section IV — Organization Certification Process

- Table of Contents
 - Introduction – A brief discussion on the Regional Entity(ies) involved, the entity being certified, a description of the function the entity(ies) are being certified for, and a brief timeline of the Certification project.
 - CT – Provide the CT makeup.
 - Objective and Scope – Discussion on entity application (who, what, when, & how).
 - Overall Conclusion – Finding of the CT.
 - Open Issues – Any item(s) that must be closed prior to going operational and within 180 days of conclusion of the on-site visit.
 - Areas of Concern – Any items that if not addressed may lead to issues of non-compliance in the future. These items do not need to be resolved prior to operation.
 - Positive Observations.
 - Company History – Discussion on the applicant’s company history.
 - Company Details – Specific details regarding the Balancing Authority, Transmission Operator or Reliability Coordinator Areas to be operated and the entity’s relationship with other entities (BAs, RCs, and TOPs etc.).
 - Documentation List – Provide a list of critical documentation reviewed by the CT used to make the CT’s conclusion and the documentation retention requirements.
 - Attachments – Describe those attachments that are for public viewing and those that are separated from the report due to confidentiality issues such as Critical Infrastructure documentation.
3. The CTL shall transmit the draft final report to the CT requesting final comments within five (5) business days, unless agreed to otherwise.
 4. After the CT has completed their review of the draft report, the CTL shall transmit the draft final report to the entity, requesting return with comments within fourteen (14) calendar days, unless agreed to otherwise.
 5. Entity comments will be given due consideration and incorporated in the final report at the discretion of the CTL and the input of the CT. The CTL and CT will review the completed final report.
 6. When all Open Issues are satisfactorily closed, the CTL will submit the final report to Regional Entity(ies) management for consideration and approval. CT minority opinions and areas where CT consensus was not reached will be communicated to Regional Entity(ies) management prior to approval but will not be included in the final report nor in the Regional Entity recommendation to NERC
 - a. If Regional Entity management contradicts the CT Finding, the CTL will work with the CT the entity to resolve any issues.
 - b. The Regional Entity CEO (or a designee) will transmit to NERC and copy the entity the final CT report with a recommendation regarding NERC’s certification of the entity.
 7. If NERC approves the entity for certification, NERC shall email confirmation to the entity and post the final report on NERC’s public website. Attached to the email will be the formal certification letter and NERC certificate.
 8. The entity may appeal NERC’s decision in accordance with the Rules of Procedure and Section VII of this manual.
 9. The certification process shall be completed within nine (9) months unless agreed to by all parties involved in the process

Section IV — Organization Certification Process

10. Operational responsibility for Balancing Authority, Transmission Operator or Reliability Coordinator Areas shall not begin prior to the entity's registration effective date. Shadow operations shall be coordinated to ensure operational authority is clear at all times.
11. The applicant must commence operations for its Balancing Authority, Transmission Operator or Reliability Coordinator Areas within twelve (12) months of being certified by NERC. If the applicant fails to commence operation within twelve (12) months, the certification process must be repeated.
 - a. During the pendency of the certification process, NERC may use its discretion to issue conditional Certification to ensure that the entity can be Registered, and no areas of the BPS are lacking any entities to perform the duties and tasks identified in and required by the Reliability Standards to the fullest extent practical.
 - i. Conditional Certification will include an implementation plan which provides qualifications or criteria that NERC and the Regional Entity have determined necessary to address the risk of an entity failing to be certified or to be certified when needed.
 - ii. The entity subject to condition Certification shall create an implementation plan that establishes how delayed or failed certification is mitigated so that no gaps in reliability occur. The implementation plan would also detail potential impacts both to the applicant and to any affected entities, and discuss how those impacts would be mitigated, how required functions would be served and how other affected entities within its prospective footprint would meet their compliance responsibilities if certification is failed or delayed.
 - iii. NERC and the Regional Entity will work with the applicant to develop the implementation plan. If the parties are unable to agree upon an implementation plan, NERC will issue an implementation plan.

Data Retention

1. Documentation used to substantiate the conclusions of the Certification (Review) must be retained by the Regional Entity for six (6) years.
2. Documentation used to substantiate program oversight of the Certification processes must be retained by NERC for six (6) years.
3. NERC will maintain and post all Certification Final Reports on its website.

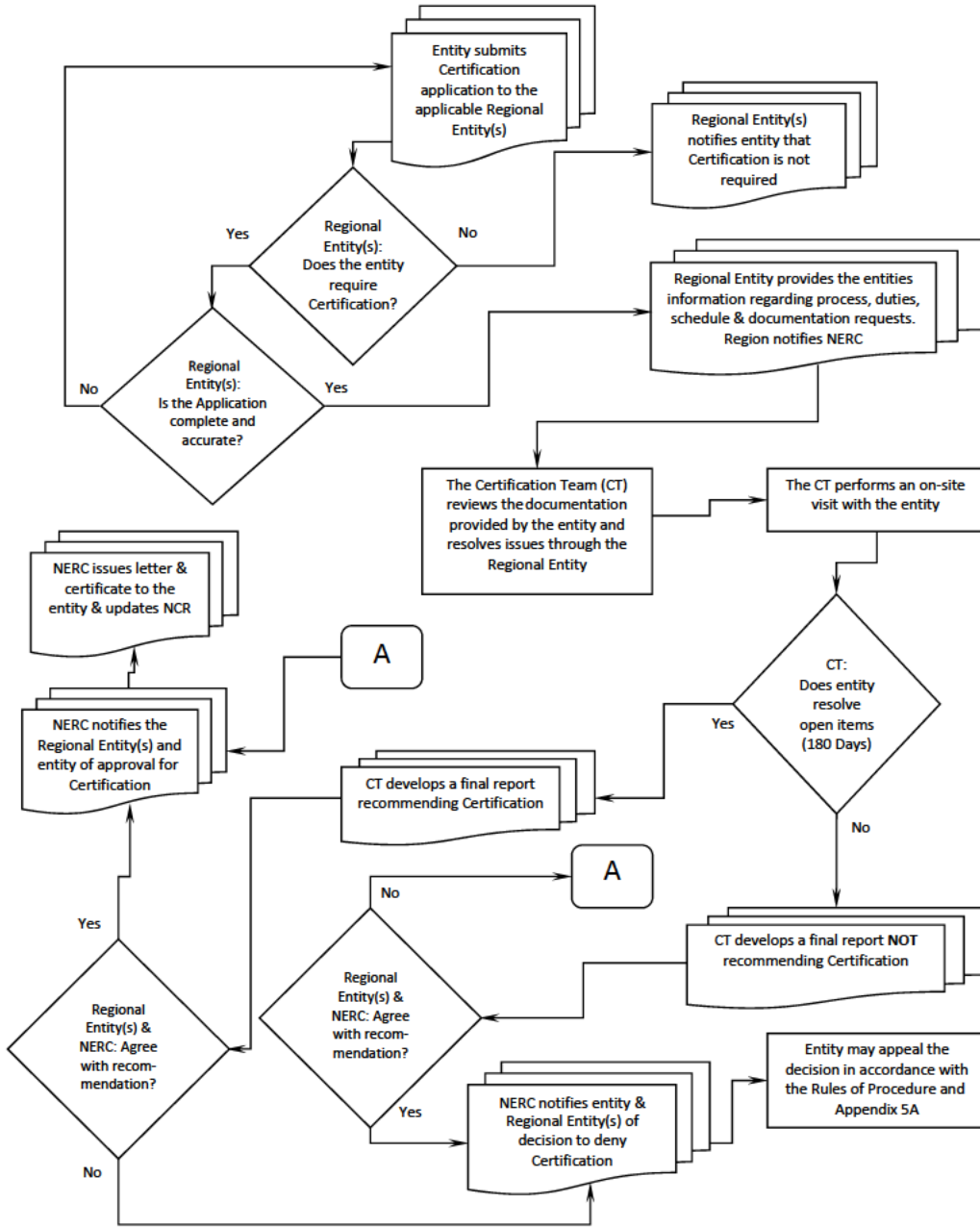


Figure 2: Organization Certification Process Overview

Section V — Certification Review Process

Purpose and Scope

Certification review provides reasonable assurance an already certified and operational Registered Entity will continue to support reliable operations of the BPS after initiating a material change. The review will seek assurance that the entity has addressed personnel training and qualifications, facilities, and equipment needed to perform and maintain the reliability functions in accordance with the applicable Requirements of Reliability Standards, considering among others the following:

- BPS reliability impacts of the change
- Critical Infrastructure Protection implications of the change
- Operator training in support of the change
- Data collection, sharing, and facilities monitoring and control necessary for Real-time Assessments, as well as next-day and longer-term planning
- Coordination of normal and emergency operations

Overview

Certification review activities, including the checks and balances of reporting and documenting those activities, should take place in advance of the change. Functional operations and compliance to the Standards remain the responsibility of the applicable Registered Entity. Certification is of the organization performing the function—not of a facility or system of equipment. Every TOP, BA and RC Area shall have a certified TOP, BA and RC registered as responsible for performing the duties and tasks identified in and required by the Reliability Standards. Entities seeking Deactivation of BA, TOP or RC registrations shall demonstrate to the satisfaction of its Regional Entity and NERC through the Certification Review process that the duties and tasks identified in and required by the Reliability Standards either have properly been transferred to another Certified and Registered Entity or the Area has ceased to operate. An entity remains certified during the review activities and subject to all applicable requirements of reliability standards, unless conditional Certification is granted by NERC providing qualifications or criteria that NERC and the Regional Entity have determined necessary to address the risk of an entity failing to be certified or to be certified when needed.

Items that are to be considered for a certification review include one or more of the following non-exhaustive list of changes from an entity's prior certification assessments.

- a. Changes to a Registered Entity's footprint⁶(including de-certification changes to existing JRO/CFR assignments or sub-set list of requirements):
 - i. The review of changes to an already registered and operational Entity's footprint is primarily concerned with ensuring the gaining functional entity has the tools, training, and security in place to reliably operate with new responsibilities. Changes to an entity's footprint can be characterized by new metered boundaries associated with the integration or dis-association of existing electrical areas of the BPS (Balancing Authority Area, Transmission Operator Area, or Reliability Coordinator Area).

⁶ This is related to the electrical areas of the BPS such that no areas are lacking any entities to perform the duties and tasks identified in and required by the Reliability Standards to the fullest extent practical

- b. Relocation of the Control Center:
 - i. A key tool for the reliable operation of the interconnected transmission network are the control centers that continuously monitor, assess and control the generation and transmission power flows on the BES. Of interest are impacts to the functionality provided within these facilities for continued reliable operations of the BES that affect:
 - Tools and applications that System Operators use for situational awareness of the BES
 - Data exchange capabilities
 - Interpersonal (and alternate) Communications capabilities
 - Power source(s)
 - Physical and cyber security
 - ii. The impact of the relocation on the entity's ability to perform the functions for which it is registered under normal and emergency conditions should be explored and documented to understand the manner in which it continues to support the reliable operations of the BES.
- c. Modification of the Energy Management System (EMS) system which is expected to materially affect CIP security perimeters or the situational awareness tools, functionality, or machine interfaces of the System Operator:
 - i. The review of modification to the Energy Management System is primarily concerned with the impact of those changes to critical infrastructure protection performance and the System Operator's ability to monitor, assess, and control the BES. An assessment of these impacts should form the basis of the decision to scope and conduct a Certification Review.

NERC may revoke an entity's certification and de-certify that entity if NERC determines that the entity is no longer performing the responsibilities that are associated with the function that they are certified for. Revocation shall be posted to the NERC website. The entity will remain registered and subject to compliance for the function, unless it has gone through the deactivation or deregistration process for the applicable function.

Organization Certification Review Progress

Initiation

1. A Registered Entity that requires a review of the conditions upon which their certification was granted shall complete the appropriate form and submit it to the applicable Regional Entity. Informal dialogue on potential certification activity is encouraged as far in advance as possible.
 - a. An entity in a single Regional Entity reliability Region shall initiate the certification review process by completing an application (certification review applications are provided on each Regional Entity's website) and sending it to the Regional Entity that will manage the certification review process.
 - b. An entity in multiple Regional Entity reliability regions shall initiate the certification process by completing a certification application (certification

- applications are provided on each Regional Entity’s website) and sending it to each Regional Entity. Each Regional Entity will inform NERC of the request with a recommendation for which Regional Entity will provide leadership to manage the certification process. NERC will determine which Regional Entity shall lead review of the application.
- c. The Regional Entity leading the review of the application shall review the application and respond with either acceptance or a request for more information within 30 days of the receipt of the request.
2. Upon receipt of the request for Certification Review, the Regional Entity(ies) shall evaluate as follows:
 - a. If the application is not complete or accurate, the Regional Entity will notify the entity to revise the application as needed.
 - b. For an entity that is not required to be certified, but performs tasks associated with a BA,RC, or TOP in accordance with Section IV, the Regional Entity shall consult with the Registered Entity regarding the applicability of a “capability verification” or “readiness evaluation” regarding those tasks.
 - c. The RE or NERC may initiate the certification review processes based on documented conversations or other communications with a Registered Entity that contains information equivalent to that of the application.
 - d. The decision to certify changes to an already operating and certified Registered Entity is a collaborative decision between the affected Regional Entity(ies) and NERC. The decision may be to conduct a review under this certification review process or engage in any lesser activity necessary to understand changes that are material to an entity’s operations or inherent risk.
 3. When the decision is made to initiate a certification review, the Regional Entity shall identify a team lead (CRTL) for the certification review activity and the following will take place:
 - a. The CRTL will inform the Registered Entity of the decision to initiate certification review activities.
 - b. The CRTL shall tailor the scope of the certification review to evaluate those capabilities that are affected as a direct result of the reason for the review.
 - c. The Regional Entity and NERC will determine if an on-site visit is required or if off-site review is sufficient. NERC has the final authority in this decision.
 - d. The entity and the Regional Entity shall agree to a timeline including specific milestones for the certification review process. The proposed schedule for the Certification Review process shall be submitted to NERC for approval. NERC shall review the draft final schedule and will (i) approve; (ii) modify; or (iii) reject the final schedule within 45 days of receipt from the CRTL.
 - Certification Review activities are expected to be completed allowing sufficient time to address the risk of an entity failing to be certified or to be certified when needed prior to the effective date of any registration changes.

Planning

1. The CRTL shall form the team (CRT) that will be responsible for performing the activities included in the certification review process.
 - a. The CRTL shall review the request (and entity information available through other ERO programs) with NERC to identify the competency areas to be evaluated and the method(s) for their evaluation (entity/neighbor

- questionnaire, request documents for review, on-site demonstration, personnel interview, etc.)
- b. The CRT participants shall adhere to NERC's confidentiality requirements under Section 1500 for any data or information made available through the certification review process. Participants shall not be employees of or have a direct financial interest in the entity or any of its affiliates.
 - c. CRT composition:
 - i. The CRT shall have the necessary diversity in their technical training and experience to collectively represent the subject matter competencies needed to perform the evaluation of the specific function being certified. Previous experience as a System Operator, Operations Support Personnel or management of a Control Center is desired for CRT members performing the on-site visit.
 - ii. Entities such as government representatives or other stakeholders may be observers in the Certification Review process.
 - d. If the entity objects to any member of the CRT, the entity must make that known, in writing, to the Regional Entity listing the reasons for the objection. The Regional Entity will either replace the team member or respond with written justification for keeping the member on the team.
2. The CRT shall ensure all CRT members have completed the following:
 - a. Certification team member training requirements as established by NERC
 - b. Team Member profile documenting technical training and experience of team members
 - c. For non-ERO employees they shall also complete the following:
 - i. Team member training record form
 - ii. Certification team conflict of interest form
 - iii. An ERO confidentiality agreement form
 3. The CRT shall utilize a secured server to distribute and house all relevant Certification Review activity documents, including but not limited to the following:
 - a. The application or other documented correspondence with the Registered Entity initiating the certification activity
 - b. All relevant correspondence between the CRT and the applicant, including the certification packet (as described in step 4 below)
 - c. All relevant correspondence between the CRT and the CRT members
 - d. The work papers used to evaluate the entity during the process
 - e. The overall process schedule
 - f. The agenda for the on-site visit, if required
 - g. The final certification review summary report
 - h. The Regional Entity certification process check sheet indicating the completion of certain process check-points
 4. A certification review packet shall be developed and sent to the entity at least ninety (90) days prior to an on-site visit. It shall contain the following:
 - a. Notification of the certification review process
 - b. Logistic information request

- c. The tentative overall process schedule and tentative on-site agenda
 - d. The CRT roster and member biographies
 - e. Request of confirmation of no-objections to CRT members
 - f. Pre-certification survey that must be returned to the CRTL within fifteen (15) days of receipt
 - g. Any initial requests for information
5. CRTL shall contact the entity within one week of submitting the packet to confirm receipt of the package and discuss any concerns the entity may have.
 6. The entity shall complete and return the requested information no later than four (4) weeks prior to the on-site visit.
 7. The CRTL and CRT shall review the Logistic Information Request, in order to do the following:
 - a. Understand the entity's expectations of the CRT when on site
 - b. Make travel arrangement

Fieldwork

1. Areas of capability to be evaluated by the certification review activity shall be tailored to the situation and matched with appropriate assessment methods (e.g., validation of legacy information, review of questionnaire responses, document review, direct observation, or personnel interview, etc.)
2. The CRTL shall schedule a document review(s) with the CRT prior to the on-site visit. Document reviews could take place face-to-face or via teleconference.
3. During document reviews, the CRT shall note all the following:
 - a. Follow-up or corroborating questions for the entity's management, SMEs, and system operators based upon the review of supporting documentation
 - b. Additional requests for information (to be submitted to the entity)
 - c. Comments during the document review that support the entity's abilities to perform the function for which the entity applied and indicate items which do not need further review
 - d. Issues that need to be addressed prior to continued certification being recommended
4. The CRTL shall provide the entity a final schedule and agenda for the on-site visit (if applicable) based upon the results of the document review.
5. As appropriate, the CRT shall conduct interviews at the entity's facilities or via teleconference. The team will:
 - a. Review with the entity any data or information requiring clarification
 - b. Interview operations, management and training personnel
 - c. During on-site visits:
 - i. Inspect the Facilities and equipment associated with the applicable Reliability Standards referenced in the questionnaire;
 - ii. Request demonstration of all tools affected by the change;
 - d. Review documents and data including agreements, processes, and procedures identified by CRT

- e. Review any additional documentation resulting from inquiries arising during the interview
6. At the end of each on-site day, the CRT will meet for debriefing. The CRTL shall lead a daily debriefing with the entity in order to do the following:
 - a. Identify the status of the assessment
 - b. Identify any items of concern that need to be addressed
 - c. Provide an update to the schedule
 7. The CRTL shall provide an exit briefing at the end of the on-site visit in order to do the following:
 - a. Identify any Open Issues that need to be addressed, and identify a timeline for follow-up to closure
 - b. Discuss the reporting process
 - c. Discuss the next steps in the certification review process, including any areas of concern and the schedule of a post-onsite visit, if required
 - d. Convey that entity feedback forms will be sent to the entity

Reporting

1. The CRTL will provide the CRT and entity with feedback forms, and request that they are returned within five (5) calendar days with a copy to NERC.Certification@nerc.net.
2. After completion of the on-site visit, the CRTL shall develop a draft summary report, in coordination with input from the CRT, which presupposes all Open Issues are closed. The format for the report shall conform to the template posted on the NERC website.
3. The entity, in conjunction with the CRT, shall attempt to resolve any Open Issues prior to issuance of the draft summary report.
4. The CRTL shall transmit the draft final report to the CRT requesting final comments within five (5) business days, unless agreed to otherwise.
5. After the CRT has completed their review of the draft report, the CRTL shall transmit the draft final report to the entity, requesting return with comments within fourteen (14) calendar days, unless agreed to otherwise.
6. At the discretion of the CRT and NERC, the entity may be permitted to implement the change at any point in time after the exit briefing. Shadow operations, if used shall be coordinated to ensure operational authority is clear at all times.
7. Entity comments will be given due consideration and incorporated into the summary report at the discretion of the CRTL and the input of the CRT. The CRTL will review the completed summary report with the CRT.
8. When all Open Issues are satisfactorily closed, the CRTL will submit the summary report to Regional Entity(ies) management for consideration and approval. CRT minority opinions and areas where CRT consensus was not reached will be communicated to Regional Entity(ies) management prior to approval but will not be included in the final report nor in the Regional Entity recommendation to NERC.
 - a. If Regional Entity management contradicts the CRT Finding, the CRTL will work with the CRT and the entity to resolve any issues.
 - b. The Regional Entity CEO (or a designee) will transmit to NERC and copy the entity the final CRT report with a recommendation regarding NERC's certification of the entity.

9. If NERC approves continued certification for the entity, NERC shall email confirmation to the entity.
10. If NERC declines continued certification for the entity, NERC shall make available to the entity Hearing Procedures for use in Appeals of Certification Matters, CCCPP-005 contained in Appendix 4E.

Data Retention

1. Documentation used to substantiate the conclusions of the certification review must be retained by the Regional Entity for six (6) years.
2. Documentation used to substantiate program oversight of the certification processes must be retained by NERC for six (6) years.

Section VI – NERC Organization Registration Appeals Process

Purpose and Scope

This section describes the process that any organization must use to seek review of its listing and functional assignment on the NCR.

Overview

NERC has established documented procedures to ensure a fair and impartial appeals process. No one with a direct interest in a dispute may participate in the appeals process except as a party or witness. See Figure 3, *Organization Registration Appeals Process Overview*.

Organization Registration Appeals Procedure

1. Any Registered Entity included on the NCR may challenge final decisions regarding its listing, functional assignments, and determinations regarding the applicability of a sub-set of Reliability Standards (which specifies the specific Reliability Standards and may specify Requirements/sub-Requirements).
2. All registration appeals must be filed in writing to NERC, via registered mail. Appeals are sent to:
Compliance Operations
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
Main: (404) 446-2560
Facsimile: (404) 446-2595
3. Each party in the appeals process shall pay its own expenses for each step in the process.
4. A stipulation of invoking the appeals process is that the Regional Entity or Registered Entity requesting the appeal agrees that NERC (its Members, Board, committees, subcommittees, and staff), any person assisting in the appeals process, and any company employing a person assisting in the appeals process, shall not be liable for, and shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the appeals proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.
5. Parties retain the right to seek further review of a decision in whatever regulatory agency or court that may have jurisdiction.
6. All appeals must be received within 21 Days of receipt of the NERC determination that is being appealed. The appeal must state why the Registered Entity believes it should not be registered or should be deactivated based on the NERC ROP and the *NERC Statement of Compliance Registry Criteria* or why its compliance obligations should be limited only to a sub-set list of otherwise applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements). A copy of the appeal must be concurrently served on the Regional Entity.

Section VI — NERC Organization Registration Appeals

7. After receipt of the appeal, the Registered Entity has a 30 day period to work with the Regional Entity to resolve the appeal, if possible. NERC may extend such deadline in its sole discretion. If the appeal is resolved, the Regional Entity will notify NERC with the details of the resolution and NERC will close the appeal.
8. At any time through this appeals process, a Registered Entity may agree with the decision and/or agree to close the appeal. NERC shall notify the involved parties and the NERC BOTCC that the appeal is resolved and update the NCR as applicable.
9. NERC will notify the Registered Entity and the applicable Regional Entity(ies) regarding the appeal with the following expectations:
 - a. The Registered Entity will provide NERC and the applicable Regional Entity(ies) any additional data supporting its appeal within 10 Days of the date of the NERC appeal notification.
 - b. The applicable Regional Entity(ies) will provide a copy of its assessment directly to the Registered Entity, as well as to NERC, within 20 Days of the date of the NERC appeal notification.
 - c. The Registered Entity may submit a response to the Regional Entity(ies) assessment, with copies to the Regional Entity(ies) and NERC, within 30 Days of the date of the NERC appeal notification.
 - d. To ensure there is no confusion with respect to the rights and responsibilities of the Registered Entity during the appeal process, the notification will confirm whether the Registered Entity will remain on the NERC Compliance Registry and will be responsible for compliance with approved Reliability Standards applicable to the function under appeal during the appeal.
 - e. NERC may extend the timelines for good cause shown. Requests should be sent to the Director of Compliance (or an equivalent position). NERC shall notify the Registered Entity and the Regional Entity of such time extensions.
10. Hearing and Ruling by the BOTCC
 - a. The BOTCC will resolve Registration disputes.
 - b. The BOTCC may request additional data from NERC, the relevant Regional Entity(ies) or the Registered Entity, and prescribe the timeframe for the submitting the requested data.
 - c. The BOTCC will provide a written decision regarding any appeals, along with the basis for its decision.
 - d. If the BOTCC upholds the appeal, NERC will:
 - Notify the Registered Entity and Regional Entity(ies) that the appeal was granted.
 - Update the NCR.
 - e. If the BOTCC does not uphold the appeal, NERC will:
 - Notify the Registered Entity and the Regional Entity(ies) that the appeal was denied.
 - The Registered Entity may appeal to Federal Energy Regulatory Commission (FERC) or another Applicable Governmental Authority within 21 Days of the notification of the decision.
 - f. A record of the appeals process shall be maintained by NERC. Confidentiality of the record of the appeal will be based on the NERC ROP Section 1500.

Section VI – NERC Organization Registration Appeals

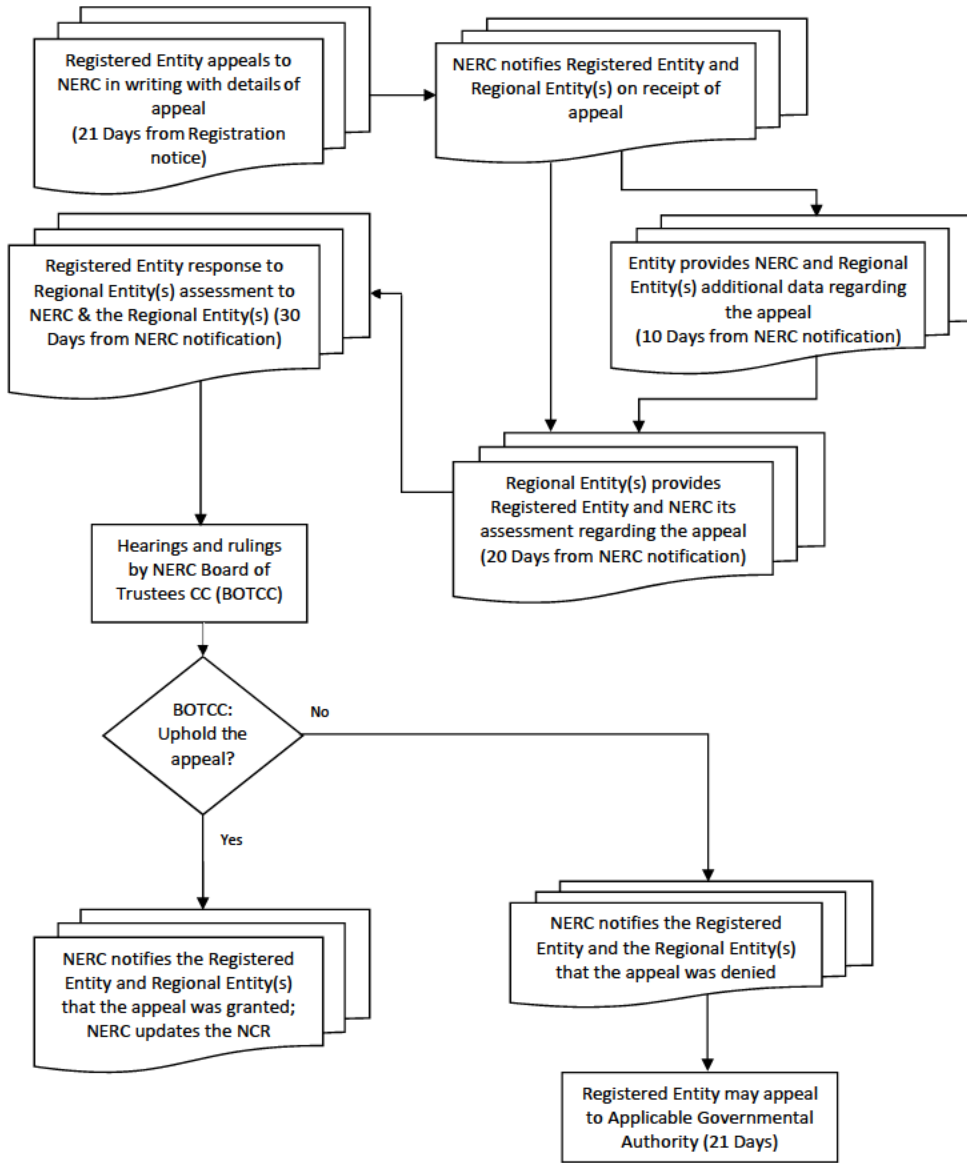


Figure 3: Organization Registration Appeals Process Overview

Section VII — NERC Organization Certification Appeals Process

Purpose and Scope

This section describes the process for an organization to appeal the Certification decision that was determined in the Certification process.

Overview

The NERC Organization Certification Program provides a key means to fulfill NERC’s mission. In conducting this program, NERC has established documented procedures to ensure a fair and impartial appeals process. No one with a direct interest in a dispute may participate in the appeals process except as a party or witness. See Figure 4 *Organization Certification Appeals Process Overview*.

Organization Certification Appeals Procedure

1. Appeal for an Organization Certification Finding.
2. Any entity can appeal an organization Certification decision issued as a result of the Certification process.
3. Requirements and Conditions for Appeals.
 - a. For all appeals under the NERC Organization Certification Program, the appeals process begins when an entity notifies the NERC Vice President and Director of Compliance (or an equivalent position), in writing, that it wishes to use the NERC appeals process.
 - The Director of Compliance (or an equivalent position) is the main contact for all parties in all steps of the appeals process.
 - If an appeal is not filed within 21 Days of the date that the Certification report or finding is issued, or the final Regional Entity appeals process ruling is made, the finding shall be considered final and un-appealable.
 - b. Each party in the appeals process shall pay its own expenses for each step in the process.
 - c. A stipulation of invoking the appeals process is that the Regional Entity or entity requesting the appeal agrees that NERC (its Members, Board, committees, subcommittees, and staff), any person assisting in the appeals process, and any company employing a person assisting in the appeals process, shall not be liable, and shall be held harmless against the consequences of or any action or inaction or of any agreement reached in resolution of the dispute or any failure to reach agreement as a result of the appeals proceeding. This “hold harmless” clause does not extend to matters constituting gross negligence, intentional misconduct, or a breach of confidentiality.
 - d. Parties retain the right to seek further review of a decision in whatever regulatory agency or court that may have jurisdiction.
4. At any time through this appeals process, an entity may withdraw its appeal.
5. Hearing and Ruling by the Compliance and Certification Committee.
 - a. Within 28 Days of receiving notice from the NERC Director of Compliance (or an equivalent position), the CCC will conduct a hearing where all the parties or representatives of the disputing parties will present the issue in question, in accordance with CCC procedure CCCPP-005, *Hearing Procedures for Use in Appeals of Certification Matters*, which is incorporated in **Appendix 4E** of the ROP.
 - b. If the appeal is upheld, NERC notifies the entity and Regional Entity(s), updates the NCR, and issues any appropriate letter and certificate to the entity.
 - c. If the appeal is denied, NERC notifies the entity and Regional Entity(s).

Section VII — NERC Organization Certification Appeals

6. Hearings and Ruling by the BOTCC.
 - a. The BOTCC will be asked to resolve a dispute related to the NERC Organization Certification Program if any party to the appeal contests the CCC final order.
 - b. The BOTCC may request additional data from NERC, Regional Entity(s) or the entity and prescribe the timeframe for the submitting the requested data.
 - c. At the next regularly scheduled BOTCC meeting, or at a special meeting if the Board determines it is necessary, the Chairman of the CCC will present a summary of the dispute and the actions taken to the BOTCC.
 - Each party will have an opportunity to state its case.
 - The BOTCC will then rule on the dispute.
 - d. If the BOTCC upholds the appeal, NERC will:
 - Notify the entity and the Regional Entity(ies) that the appeal was upheld.
 - Update the NCR.
 - Issue a Certification letter and a certificate to the entity as applicable.
 - e. If the BOTCC does not uphold the appeal, NERC will notify the entity and the Regional Entity(ies) that the appeal was denied.
 - The entity may appeal to Applicable Governmental Authorities within 21 Days of the issuance of the decision.
 - f. A record of the appeals process shall be maintained by NERC and available upon request. Confidentiality of the record of the appeal will be based on the NERC ROP Section 1500.

Section VII — NERC Organization Certification Appeals

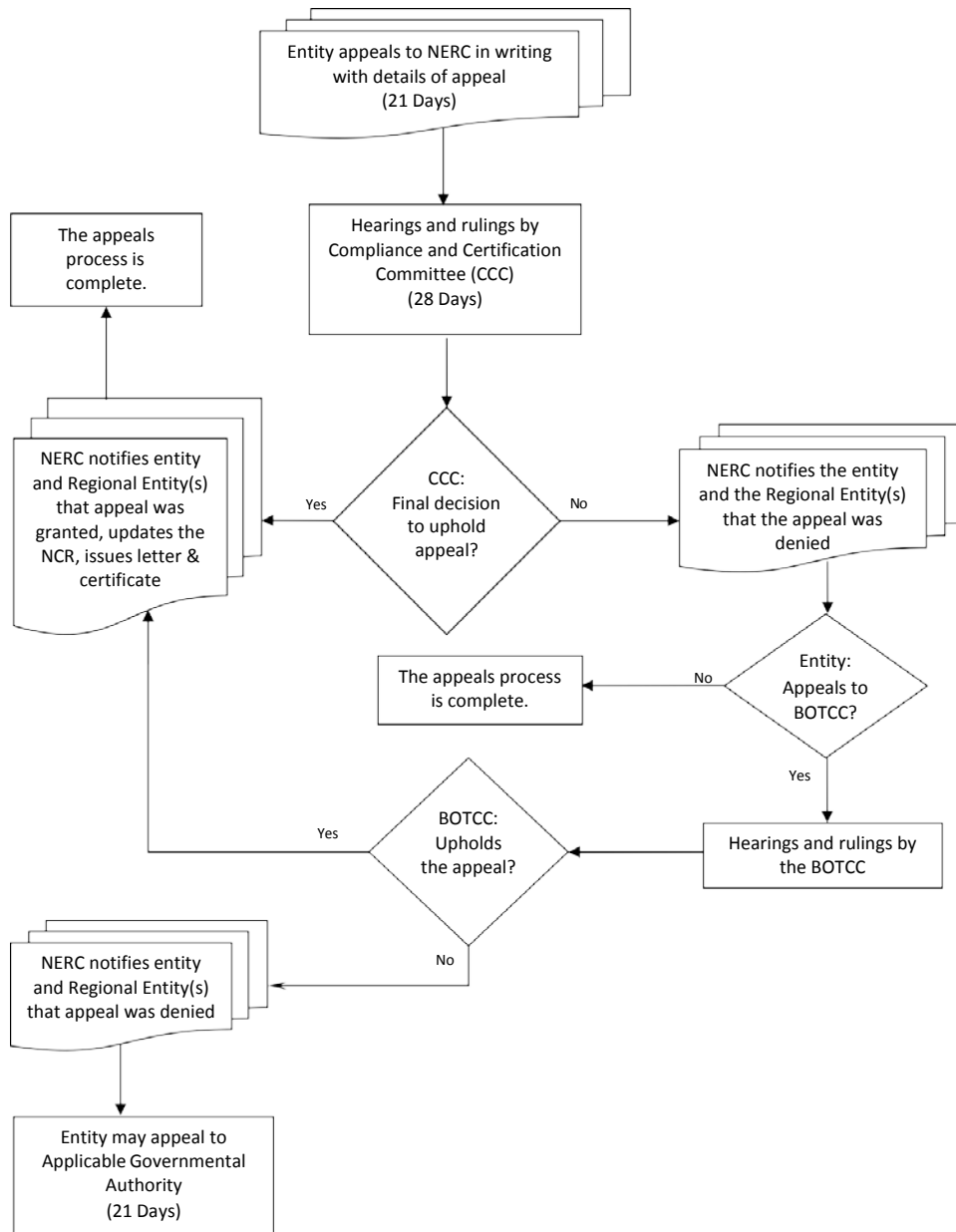


Figure 4: Organization Certification Appeals Process Overview

Definitions

Capitalized terms used in this Appendix shall have the definitions set forth in Appendix 2 of the ROP. For convenience of reference, definitions used in this Appendix are also set forth below:

NERC Organization Certification	The process undertaken by NERC and a Regional Entity to verify that a new entity is capable of responsibilities for tasks associated with a particular function such as a Balancing Authority, Transmission Operator, and/or Reliability Coordinator.
Compliance and Certification Manager	The individual/individuals within the Regional Entity that is/are responsible for monitoring compliance of entities with applicable NERC Reliability Standards.
Days	Days as used in the Registration and Certification processes are defined as calendar days.
Footprint	The geographical or electric area served by an entity.
Functional Entity	An entity responsible for a function that is required to ensure the Reliable Operation of the electric grid as identified in the NERC Reliability Standards.
Mapping	The process of determining whether a Regional Entity's Footprint is being served by Registered Entities.
NERC Identification Number (NERC ID)	A number given to NERC Registered Entities that will be used to identify the entity for certain NERC activities. Corporate entities may have multiple NERC IDs to show different corporate involvement in NERC activities.
Regional Entity	An entity having enforcement authority pursuant to 18 C.F.R. § 39.8.
Registration	Processes undertaken by NERC and Regional Entities to identify which entities are responsible for reliability functions within the Regional Entity's Region.
Coordinated Functional Registration (CFR)	Where two or more entities (parties) agree in writing upon a division of compliance responsibility among the parties for one or more Reliability Standard(s) applicable to a particular function, and/or for one or more Requirement(s)/sub-Requirement(s) within particular Reliability Standard(s).

SECTION 500 — ORGANIZATION REGISTRATION AND CERTIFICATION

501. Scope of the Organization Registration and Organization Certification Programs

The purpose of the Organization Registration Program is to clearly identify those entities that are responsible for compliance with the FERC approved Reliability Standards. Organizations that are registered are included on the NERC Compliance Registry (NCR) and are responsible for knowing the content of and for complying with all applicable Reliability Standards. Registered Entities are not and do not become Members of NERC or a Regional Entity, by virtue of being listed on the NCR. Membership in NERC is governed by Article II of NERC's Bylaws; membership in a Regional Entity or regional reliability organization is governed by that entity's bylaws or rules.

The purpose of the Organization Certification Program is to ensure that the new entity (i.e., applicant to be an RC, BA, or TOP that is not already performing the function for which it is applying to be certified as) has the tools, processes, training, and procedures to demonstrate their ability to meet the Requirements/sub-Requirements of all of the Reliability Standards applicable to the function(s) for which it is applying thereby demonstrating the ability to become certified and then operational.

Organization Registration and Organization Certification may be delegated to Regional Entities in accordance with the procedures in this Section 500; the NERC *Organization Registration and Organization Certification Manual*, which is incorporated into these Rules of Procedure as **Appendix 5A**; and, approved Regional Entity delegation agreements or other applicable agreements.

1. **NERC Compliance Registry** — NERC shall establish and maintain the NCR of the Bulk Power System owners, operators, and users that are subject to approved Reliability Standards.
 - 1.1 (a) The NCR shall set forth the identity and functions performed for each organization responsible for meeting Requirements/sub-Requirements of the Reliability Standards. Bulk Power System owners, operators, and users (i) shall provide to NERC and the applicable Regional Entity information necessary to complete the Registration, and (ii) shall provide NERC and the applicable Regional Entity with timely updates to information concerning the Registered Entity's ownership, operations, contact information, and other information that may affect the Registered Entity's Registration status or other information recorded in the Compliance Registry.

(b) Entities may address registration obligations for applicable function types using a Joint Registration Organization (JRO), in lieu of each of the JRO's parties' entities being registered individually for one or more functions. Refer to Section 507.

- (c) Entities may each register using a Coordinated Functional Registration (CFR) for one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function pursuant to a written agreement for the division of compliance responsibility. Refer to Section 508.
- 1.2 In the development of the NCR, NERC and the Regional Entities shall determine which organizations should be placed on the NCR based on the criteria provided in the NERC *Statement of Compliance Registry Criteria* which is incorporated into these Rules of Procedure as **Appendix 5B**.
- 1.3 NERC and the Regional Entities shall use the following rules for establishing and maintaining the NCR based on the Registration criteria as set forth in **Appendix 5B** *Statement of Compliance Registry Criteria*:
- 1.3.1 NERC shall notify each organization that it is on the NCR. The Registered Entity is responsible for compliance with all the Reliability Standards applicable to the functions for which it is registered from the time it receives the Registration notification from NERC.
- 1.3.2 Any organization receiving such a notice may challenge its placement on the NCR according to the process in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Section V.
- 1.3.3 The Compliance Committee of the Board of Trustees shall promptly issue a written decision on the challenge, including the reasons for the decision.
- 1.3.4 The decision of the Compliance Committee of the Board of Trustees shall be final unless, within 21 days of the date of the Compliance Committee of the Board of Trustees decision, the organization appeals the decision to the Applicable Governmental Authority.
- 1.3.5 Each Registered Entity identified on the NCR shall notify its corresponding Regional Entity(s) of any corrections, revisions, deletions, changes in ownership, corporate structure, or similar matters that affect the Registered Entity's responsibilities with respect to the Reliability Standards. Failure to notify will not relieve the Registered Entity from any responsibility to comply with the Reliability Standards or shield it from any Penalties or sanctions associated with failing to comply with the Reliability Standards applicable to its associated Registration.

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- 1.4 For all geographical or electrical areas of the Bulk Power System, the Registration process shall ensure that (1) no areas are lacking any entities to perform the duties and tasks identified in and required by the Reliability Standards to the fullest extent practical, and (2) there is no unnecessary duplication of such coverage or of required oversight of such coverage. In particular the process shall:
 - 1.4.1 Ensure that all areas are under the oversight of one and only one Reliability Coordinator.
 - 1.4.2 Ensure that all Balancing Authorities and Transmission Operator entities² are under the responsibility of one and only one Reliability Coordinator.
 - 1.4.3 Ensure that all transmission Facilities of the Bulk Power System are the responsibility and under the control of one and only one Transmission Planner, Planning Authority, and Transmission Operator.
 - 1.4.4 Ensure that all Loads and generators are under the responsibility and control of one and only one Balancing Authority.
 - 1.5 NERC shall maintain the NCR of organizations responsible for meeting the Requirements/sub-Requirements of the Reliability Standards currently in effect on its website and shall update the NCR monthly.
 - 1.6 With respect to: (i) entities to be registered for the first time; (ii) currently-registered entities or (iii) previously-registered entities, for which registration status changes are sought, including availability and composition of a sub-set list of applicable Reliability Standards (which specifies the Reliability Standards and may specify Requirements/sub-Requirements), the registration process steps in Section III of **Appendix 5A** apply.
 - 1.7 NERC shall establish a NERC-led, centralized review panel, comprised of a NERC lead with Regional Entity participants, in accordance with **Appendix 5A, Organization Registration and Organization Certification Manual**, Section III(D) and **Appendix 5B, Statement of Compliance Registry Criteria**.
2. **Entity Certification** — NERC shall provide for Certification of all entities with primary reliability responsibilities requiring Certification.

²Some organizations perform the listed functions (e.g., Balancing Authority, Transmission Operator) over areas that transcend the Footprints of more than one Reliability Coordinator. Such organizations will have multiple Registrations, with each such Registration corresponding to that portion of the organization's overall area that is within the Footprint of a particular Reliability Coordinator.

The NERC programs shall:

- 2.1 Evaluate the entity's tools, personnel, facilities, and process used to perform the duties and tasks identified in and required by the Reliability Standards. The entities currently requiring Certification include Reliability Coordinators, Transmission Operators, and Balancing Authorities.
- 2.2 Certify each applicant's ability to perform the function for a specified Area.
- 2.3 Maintain process documentation.
- 2.4 Maintain records of currently certified entities.
- 2.5 Issue a Certification document to the applicant that successfully demonstrates its competency to perform the evaluated functions.

3. Delegation and Oversight

- 3.1 NERC may delegate responsibilities for Organization Registration and Organization Certification to Regional Entities in accordance with requirements established by NERC. Delegation will be via the delegation agreement between NERC and the Regional Entity or other applicable agreement. The Regional Entity shall administer Organization Registration and Organization Certification Programs in accordance with such delegations to meet NERC's programs goals and requirements subject to NERC oversight.
- 3.2 NERC shall develop and maintain a plan to ensure the continuity of Organization Registration and Organization Certification within the geographic or electrical boundaries of a Regional Entity in the event that no entity is functioning as a Regional Entity for that Region, or the Regional Entity withdraws as a Regional Entity, or does not operate its Organization Registration and Organization Certification Programs in accordance with delegation agreements.
- 3.3 NERC shall develop and maintain a program to monitor and oversee the NERC Organization Registration and Organization Certification Programs activities that are delegated to each Regional Entity through a delegation agreement or other applicable agreement.
 - 3.3.1 This program shall monitor whether the Regional Entity carries out those delegated activities in accordance with NERC requirements, and whether there is consistency, fairness of administration, and comparability.

3.3.2 Monitoring and oversight shall be accomplished through direct participation in the Organization Registration and Organization Certification Programs with periodic reviews of documents and records of both programs.

502. Organization Registration and Organization Certification Program Requirements

1. NERC shall maintain the Organization Registration and Organization Certification Programs.
 - 1.1 The roles and authority of Regional Entities in the programs are delegated from NERC pursuant to the Rules of Procedure through regional delegation agreements or other applicable agreements.
 - 1.2 Processes for the programs shall be administered by NERC and the Regional Entities. Materials that each Regional Entity uses are subject to review and approval by NERC.
 - 1.3 The appeals process for the Organization Registration and Organization Certification Programs are identified in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Sections VI and VII, respectively.
 - 1.4 The Certification Team membership is identified in **Appendix 5A** *Organization Registration and Organization Certification Manual*, Section IV.
2. To ensure consistency and fairness of the Organization Registration and Organization Certification Programs, NERC shall develop procedures to be used by all Regional Entities and NERC in accordance with the following criteria:
 - 2.1 NERC and the Regional Entities shall have data management processes and procedures that provide for confidentiality, integrity, and retention of data and information collected.
 - 2.2 Documentation used to substantiate the conclusions of the Regional Entity/ NERC related to Registration and/or Certification must be retained by the Regional Entity for (6) six years, unless a different retention period is otherwise identified, for the purposes of future audits of these programs.
 - 2.3 To maintain the integrity of the NERC Organization Registration and Organization Certification Programs, NERC, Regional Entities, Certification Team members, program audit team members (Section 506), and committee members shall maintain the confidentiality of information provided by an applicant or entities.
 - 2.2.1 NERC and the Regional Entities shall have appropriate codes of conduct and confidentiality agreements for staff, Certification

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- Team, Certification related committees, and Certification program audit team members.
- 2.2.2 NERC, Regional Entities, Certification Team members, program audit team members and committee members shall maintain the confidentiality of any Registration or Certification-related discussions or documents designated as confidential (see Section 1500 for types of Confidential Information).
- 2.2.3 NERC, Regional Entities, Certification Team members, program audit team members and committee members shall treat as confidential the individual comments expressed during evaluations, program audits and report-drafting sessions.
- 2.2.4 Copies of notes, draft reports, and other interim documents developed or used during an entity Certification evaluation or program audit shall be destroyed after the public posting of a final, uncontested report.
- 2.2.5 Information deemed by an applicant, entity, a Regional Entity, or NERC as confidential, including Critical Energy Infrastructure Information, shall not be released publicly or distributed outside of a committee or team.
- 2.2.6 In the event that an individual violates any of the confidentiality rules set forth above, that individual and any member organization with which the individual is associated will be subject to immediate dismissal from the audit team and may be prohibited from future participation in Compliance Monitoring and Enforcement Program activities by the Regional Entity or NERC.
- 2.2.7 NERC shall develop and provide training in auditing skills to all individuals prior to their participation in Certification evaluations. Training for Certification Team leaders shall be more comprehensive than the training given to industry subject matter experts and Regional Entity members. Training for Regional Entity members may be delegated to the Regional Entity.
- 2.4 An applicant that is determined to be competent to perform a function after completing all Certification requirements shall be deemed certified by NERC to perform that function for the Area which it has demonstrated full competency.
- 2.4.1 All NERC certified entities shall be included on the NCR.

[4/27 TAPS PROPOSED CHANGES](#)

503. Regional Entity Implementation of Organization Registration and Organization Certification Program Requirements

1. **Delegation** — Recognizing the Regional Entity’s knowledge of and experience with their members, NERC may delegate responsibility for Organization Registration and Organization Certification to the Regional Entity through a delegation agreement.
2. **Registration** — The following Organization Registration activities shall be managed by the Regional Entity per the NERC *Organization Registration and Organization Certification Manual*, which is incorporated into the Rules of Procedure as Appendix 5A *Organization Registration and Organization Certification Manual*:
 - 2.1 Regional Entities shall verify that all Reliability Coordinators, Balancing Authorities, and Transmission Operators meet the Registration requirements of Section 501(1.4).
3. **Certification** — The following Organization Certification activities shall be managed by the Regional Entity in accordance with an approved delegation agreement or another applicable agreement:
 - 3.1 An entity seeking Certification to perform one of the functions requiring Certification shall contact the Regional Entity for the Region(s) in which it plans to operate to apply for Certification.
 - 3.2 An entity seeking Certification and other affected entities shall provide all information and data requested by NERC or the Regional Entity to conduct the Certification process.
 - 3.3 Regional Entities shall notify NERC of all Certification applicants.
 - 3.4 NERC and/or the Regional Entity shall evaluate the competency of entities requiring Certification to meet the NERC Certification requirements.
 - 3.5 NERC or the Regional Entity shall establish Certification procedures to include evaluation processes, schedules and deadlines, expectations of the applicants and all entities participating in the evaluation and Certification processes, and requirements for Certification Team members.
 - 3.5.1 The NERC / Regional Entity Certification procedures will include provisions for on-site visits to the applicant’s facilities to review the data collected through questionnaires, interviewing the operations and management personnel, inspecting the facilities and equipment (including requesting a demonstration of all tools identified in the Certification process), reviewing all necessary documents and data (including all agreements, processes, and procedures identified in the Certification process), reviewing

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Certification documents and projected system operator work schedules, and reviewing any additional documentation needed to support the completed questionnaire or inquiries arising during the site visit.

- 3.5.2 The NERC/ Regional Entity Certification procedures will provide for preparation of a written report by the Certification Team, detailing any deficiencies that must be resolved prior to granting Certification, along with any other recommendations for consideration by the applicant, the Regional Entity, or NERC.

504. Appeals

1. NERC shall maintain an appeals process to resolve any disputes related to Registration or Certification activities per the *Organization Registration and Organization Certification Manual*, which is incorporated in these Rules of Procedure as Appendix 5A.
2. The Regional Entity Certification appeals process shall culminate with the Regional Entity board or a committee established by and reporting to the Regional Entity board as the final adjudicator, provided that where applicable, Canadian provincial governmental authorities may act as the final adjudicator in their jurisdictions. NERC shall be notified of all appeals and may observe any proceedings (**Appendix 5A** *Organization Registration and Organization Certification Manual*).

505. Program Maintenance

NERC shall maintain its program materials, including such manuals or other documents as it deems necessary, of the governing policies and procedures of the Organization Registration and Organization Certification Programs.

506. Independent Audit of NERC Organization Registration and Organization Certification Program

1. NERC, through the Compliance and Certification Committee, shall provide for an independent audit of its Organization Registration and Organization Certification Programs at least once every three years, or more frequently, as determined by the Board. The audit shall be conducted by independent expert auditors as selected by the Board.
2. The audit shall evaluate the success, effectiveness and consistency of the NERC Organization Registration and Organization Certification Programs.
3. The final report shall be provided to the NERC Board of Trustees or at the Board's direction, to one or more committees of the Board, ~~its appropriate committees,~~ and posted for public viewing.
4. If the audit report includes recommendations to improve the program, the administrators of the program shall provide a written response to the Board within 30 days of the final report, detailing the disposition of each and every

recommendation, including an explanation of the reasons for rejecting a recommendation and an implementation plan for the recommendations accepted.

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507. Provisions Relating to Joint Registration Organizations (JRO)

1. In addition to registering as the entity responsible for all function type(s) that it performs itself, an entity may execute an agreement to register as a Lead Entity of a JRO on behalf of one or more parties to the agreement for one or more function type(s) for which such parties would otherwise be required to register. The Lead Entity thereby, accepts on behalf of such parties all compliance responsibility for the function type(s) covered by the JRO registration, including all reporting requirements. The Lead Entity of a JRO must execute a written agreement with the parties on whose behalf it registers that: (1) governs the relationship between the parties; (2) addresses the function type(s) described within Appendix 5B for which the Lead Entity is registering ~~for~~ and taking responsibility, and which would otherwise be the responsibility of one or more of the other parties to the JRO agreement; (3) identifies which entity is the Lead Entity and a point of contact within the Lead Entity; and (4) a point of contact for each of the parties to the JRO.
2. For every JRO, the written agreement must be submitted to the appropriate Regional Entity for its retention. Neither NERC nor the Regional Entity shall be parties to any such agreement. Neither NERC nor the Regional Entity shall have responsibility for reviewing or approving any such agreement, other than to verify that the agreement addresses the function type(s) consistent with the Lead Entity's Registration.
3. The JRO Registration data must include all Registration and Certification information and data, as needed by the Regional Entity to complete the Registration process and to perform assessments of compliance. All Compliance Monitoring and Enforcement related communications shall be directed to the primary compliance contact identified for the Lead Entity of the JRO.
4. The Regional Entity shall notify NERC when it registers a Lead Entity of a JRO. The notification will identify the point of contact and the function type(s) for which the Lead Entity of the JRO is registered on behalf of the JRO parties and a point of contact for each JRO parties.
5. For purposes of Compliance Audits, the Regional Entity shall keep a list of all JROs, the Lead Entities, the JRO parties, and the function type(s) for which the Lead Entity of the JRO has registered for each party. It is the responsibility of the Lead Entity of the JRO to provide the Regional Entity with this information as well as the applicable JRO agreement(s).
6. The Regional Entity can request clarification of any list submitted to it that identifies the parties to the JRO and can request such additional information as the Regional Entity deems appropriate.
7. The Regional Entity's acceptance of a Lead Entity's registration as part of a JRO shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded that the registration of the Lead Entity of the JRO meets the Registration requirements of Section 501(1.4).

8. NERC shall maintain, and post on its website, a listing of all JROs, Lead Entities, JRO parties, and the function type(s) for which the Lead Entity of the JRO has registered for each party.
9. The Lead Entity of the JRO shall inform the Regional Entity of any changes to an existing JRO. The Regional Entity shall promptly notify NERC of each such revision.
10. Nothing in Section 507 shall preclude any party to a JRO from registering on its own behalf and undertaking full compliance responsibility for the function type(s) for which the Lead Entity of the JRO has registered. Such registration shall include submission of data or information that includes any documentation that the agreement supporting the JRO has been terminated as to the registering party. In addition to any notification requirements contained within the written agreement, a JRO party that registers as responsible for any function type(s) for which the Lead Entity of a JRO was previously responsible shall inform the Lead Entity of the JRO and/or other parties once its Registration has been accepted by the Regional Entity.

508. Provisions Relating to Coordinated Functional Registration (CFR) Entities

1. In addition to registering as an entity responsible for all functions that it performs itself, ~~multiple each of the~~ entities using a CFR must register for the function associated with the CFR. The CFR submission to the Regional Entity must include a written agreement that: (1) governs itself; (2) specifies the entities' respective compliance responsibilities with respect to one or more Reliability Standard(s) and/or Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function type; and (3) identifies which entity is the Lead Entity, a point of contact within the Lead Entity, and a point of contact for each of the parties to the CFR. The Lead Entity identified for each CFR is responsible for providing the written agreement between the parties, including submitting updates for currently active CFRs to the Regional Entity related to the CFR Registration; ~~(4) lists one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific function type.~~
2. Neither NERC nor the Regional Entity shall be parties to any such agreement. Neither NERC nor the Regional Entity have responsibility for reviewing or approving any such agreement, other than to verify that the agreement provides for an allocation or assignment of responsibilities consistent with the function type for which the parties are registered and the responsibility(ies) which are addressed through the CFR.
3. The CFR Registration data must include all Registration and Certification information and data, as needed by the Regional Entity to complete the Registration process and to perform assessments of compliance, as it relates to the CFR. All Compliance Monitoring and Enforcement related communications shall be directed to the primary compliance contact(s) identified for each of the CFR parties.
4. Each party to a CFR shall have compliance responsibility for those Reliability Standards and/or Requirements/sub-Requirements for which it has registered pursuant to the CFR.
5. The Regional Entity shall notify NERC of each CFR that the Regional Entity accepts, and of any updates to currently active CFRs. ~~and~~ The notification shall include identification of the Lead Entity of a CFR, the function type that the CFR

addresses, [and](#) a point of contact for each of the CFR parties, ~~and any updates to currently active CFRs.~~

6. For purposes of Compliance Audits, the Regional Entity shall keep a list of all CFRs, the Lead Entities, the CFR parties, the function type that the CFR addresses, and the responsibilities assigned to each of the CFR parties
7. The Regional Entity can request clarification of any list submitted to it that identifies the parties to the CFR and can request such additional information as the Regional Entity deems appropriate.
8. The Regional Entity's acceptance of a Lead Entity's registration as part of a CFR shall be a representation by the Regional Entity to NERC that the Regional Entity has concluded that the registration of the CFR meets the Registration requirements of Section 501(1.4).
9. NERC shall maintain, and post on its website, a listing of all CFRs, the Lead Entity of CFRs, CFR parties, the function type that the CFR addresses, and the responsibilities assigned to each of the CFR parties. The posting shall clearly list all the Reliability Standards or Requirements/sub-Requirements thereof for which each entity of the CFR is responsible for under the CFR.
10. Any noncompliance shall be investigated in accordance with the NERC Rules of Procedure Section 400, *Compliance Enforcement*.
11. Nothing in Section 508 shall preclude a party to a CFR from registering on its own behalf and undertaking full compliance responsibility including reporting Requirements for the Reliability Standards to which a CFR is applicable. Such registration shall include submission of data or information that includes any documentation that the agreement supporting the CFR has been terminated or revised as to the Reliability Standards for which the registering party is now taking compliance responsibility. In addition to any notification requirements contained within the written agreement, an entity registered in a CFR that registers as responsible for any Reliability Standard or Requirement/sub-Requirement of a Reliability Standard shall inform the Lead Entity of the CFR and/or other parties once its Registration has been accepted by the Regional Entity.

509. Exceptions to the Definition of the Bulk Electric System

An Element is considered to be (or not be) part of the Bulk Electric System by applying the BES Definition to the Element (including the inclusions and exclusions set forth therein). Appendix 5C sets forth the procedures by which (i) an entity may request a determination that an Element that falls within the definition of the Bulk Electric System should be exempted from being considered a part of the Bulk Electric System, or (ii) an entity may request that an Element that falls outside of the definition of the Bulk Electric System should be considered part of the Bulk Electric System.