

DRAFT Texas Reliability Entity, Inc.
Regional Standards Development Process

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Regional Standards Development Process

Approved by FERC Effective ~~May 30, 2017~~

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Regional Standards Development Process

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1.1. Introduction

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Pursuant to the NERC Rules of Procedure and the Texas Reliability Entity, Inc. (Texas RE)/ North American Electric Reliability Corporation (NERC) Delegation Agreement, this document defines the fair and open process for adoption, approval, revision, and reaffirmation, and retirement of a Texas RE Regional Reliability Standard (Regional Standard) for the ERCOT Region by Texas Reliability Entity, Inc. (Texas RE) region. The Regional Standards Development Process (RSDP) also addresses the process for obtaining a Texas RE Regional Variance to a NERC Reliability Standard which shall be the same as the process for obtaining a Regional Standard.¹

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Regional Standards provide for the reliable regional and sub-regional planning and operation of the Bulk-Power System (BPS), consistent with Good Utility Practice within a Regional Entity's (RE's) geographical footprint. Regional Standards shall provide for as much uniformity as possible with NERC Reliability Standards applicable to the interconnected BPS of the North American continent. Proposed Regional Standards shall not be inconsistent with, or less stringent than established NERC Reliability Standards. A Regional Standard that satisfies the statutory and regulatory criteria for approval of proposed NERC Reliability Standards, and that is more stringent than a NERC Reliability Standard, is generally acceptable. Regional Standards provide a level of BPS reliability that is adequate to ensure the protection of public health, safety, welfare, and national security.

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The process for obtaining a Texas RE

Proposed Regional Variance Standards are subject to a approval by the NERC, as the Electric Reliability Standard Organization, and by the Federal Energy Regulatory Commission (FERC) before becoming mandatory and enforceable under Section 215 of the Federal Power Act. Regional Standards, when approved by FERC, shall be made part of the body of NERC Reliability Standards and shall be enforced upon all applicable registered entities within the ERCOT region.

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1.1. Reliability and Market Principles

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The NERC Board of Trustees has adopted the same as the process for obtaining a NERC Reliability Principles and NERC Market Principles (collectively, NERC Principles) to define the purpose, scope, and nature of NERC Reliability Standards². The NERC Principles are fundamental to reliability and the market interface and guide the development of NERC Reliability Standards. The NERC Board of Trustees may modify the NERC Principles from time to time, as necessary, to adapt its vision for NERC Reliability Standards.

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Each Regional Standard shall enable or support one or more of the NERC Reliability Principles, thereby ensuring that each Regional Standard. Throughout this document, where the term serves a purpose in support of reliability of the North American BPS. Each Regional Standard is used, the same process will be applied to a Regional Variance shall also be consistent with all

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¹ Throughout this document, where the term Regional Standard is used, the same process will be applied to a Regional Variance.

² The latest sets of NERC Reliability Principles and NERC Market Principles are posted on NERC's website.

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of the NERC Principles, thereby ensuring that no Regional Standard undermines reliability through an unintended consequence. Persons and committees that are responsible for the RSDP shall consider these NERC Principles in the execution of those duties.

While NERC Reliability Standards are intended to promote BPS reliability, they must also accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. The intent of considering the NERC Market Principles is to ensure that Regional Standards are written to achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets. Recognizing that BPS reliability and electricity markets are inseparable and mutually interdependent, all Regional Standards shall be consistent with the NERC Market Principles.

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1.2. Essential Attributes of the Texas RE Regional Standards Development Process

The process for developing and approving NERC Reliability Standards is generally based on the procedures of the American National Standards Institute (ANSI) and other standards-setting organizations in the United States and Canada. Due process is the key to ensuring that stakeholders develop Regional Standards in an environment that is equitable, accessible, and responsive to the requirements of all interested and affected parties. An open and fair process ensures that all interested and affected parties have an opportunity to participate in a Regional Standard's development of a Regional Standard.

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Regional Standards are developed Any entity (person, organization, company, government agency, individual, etc.) with due consideration of the following attributes and in accordance with the steps outlined in this procedure. The process must ensure that any Regional Standard is technically sound and the technical specifications proposed would achieve a valuable reliability objective.

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The RSDP has the following attributes:

- **Open** – Participation in the development of a Regional Standard shall be open to all entities that are directly and materially affected by ERCOT BPS reliability, as determined by the RSM. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in Texas RE and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
- **Balanced** – The RSDP strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.
- **Inclusive** – Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the BPS has in the ERCOT region shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

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Proposed Regional Standards shall be subject to approval by North American Electric Reliability Corporation (NERC), as the electric reliability organization, and by the Federal Energy Regulatory Commission (FERC) before becoming mandatory and enforceable under Section

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~~215 of the FPA. No Regional Standard shall be effective within the Texas RE area unless filed by NERC with FERC and approved by FERC.~~

~~Regional Standards shall provide for as much uniformity as possible with reliability standards across the interconnected BPS of the North American continent. A Regional Standard shall be more stringent than a continent wide reliability standard, including a regional difference that addresses matters that the continent wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the BPS. A Regional Standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent wide reliability standard, would generally be acceptable.~~

~~Regional Standards, when approved by FERC, shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable BPS owners, operators, and users within the Texas RE area, regardless of membership in the region.~~

~~II. Background~~

~~The Texas RE may develop, through its own processes, separate Regional Standards that go beyond, add detail to, or implement NERC Reliability Standards; obtain a Regional Variance; or otherwise address issues that are not addressed in NERC Reliability Standards.~~

~~NERC Reliability Standards and Regional Standards are all to be included within the Texas RE's Compliance Program.~~

~~Regional Standards are developed consistent with the following philosophies according to the process defined within this document:~~

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- ~~Developed in a fair and open process that provides an opportunity for all interested parties to participate;~~
- ~~Does not have an adverse impact on commerce that is not necessary for reliability;~~
- ~~Provides a level of BPS reliability that is adequate to protect public health, safety, welfare, and national security and does not have a significant adverse impact on reliability; and~~

~~Based on a justifiable difference between regions or between sub-regions within the Regional geographic area.~~

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~~The NERC Board of Trustees has adopted reliability principles and market interface principles to define the purpose, scope, and nature of reliability standards. As these principles are fundamental to reliability and the market interface, these principles provide a constant beacon to guide the development of reliability standards. The NERC Board of Trustees may modify these principles from time to time, as necessary, to adapt its vision for reliability standards. Persons and committees that are responsible for the Texas RE Standards Process shall consider these NERC Principles in the execution of those duties.~~

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~~NERC Reliability Standards are based on certain reliability principles that define the foundation of reliability for the North American BPS. Each Regional Standard shall enable or support one~~

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or more of the reliability principles, thereby ensuring that each Regional Standard serves a purpose in support of reliability of the North American BPS. Each Regional Standard shall also be consistent with all of the reliability principles, thereby ensuring that no Regional Standard undermines reliability through an unintended consequence.

~~While NERC Reliability Standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. a) expressing a position and its basis,~~

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~~b) having that position considered, and~~

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~~c) having the right to appeal. Recognizing that BPS reliability and electricity markets are inseparable and mutually interdependent, all Regional Standards shall be consistent with the market interface principles. Consideration of the market interface principles is intended to ensure that Regional Standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.~~

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III. Regional Standards Definition

- **Fair Due Process** – The RSDP shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a Regional Standard, a public comment period on the proposed Regional Standard, due consideration of those public comments, and a ballot of Texas RE Standards Development Sectors described in Section 3.
- **Transparent** – All actions material to the development of Regional Standards shall be transparent. All standards development meetings shall be open and publicly noticed on the Texas RE website.
- **Timely** – The RSDP does not unnecessarily delay development of the proposed Regional Standard.

2. Regional Standard Elements

2.1. Regional Standard Description

~~A NERC Reliability Standard defines certain includes a set of requirements that define specific obligations or requirements of entities that operate, plan, and use the BPS of North America. The obligations or requirements must be material to reliability and measurable. Each obligation and requirement shall support one or more of the stated reliability principles—NERC Reliability Principles and shall be consistent with all of the stated reliability and market interface principles NERC Principles.~~

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~~Texas RE may develop, through its own processes; (1) Regional Standards that go beyond, add detail to, or implement NERC Reliability Standards or that cover matters not addressed in NERC Reliability Standards, and (2) Regional Variances that allow an alternative approach to meeting the same reliability objective as the NERC Reliability Standard and are typically necessitated by physical or logical differences.~~

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The development of a Regional Standard should consider applicability, purpose, performance requirements, measurability, technical basis, completeness, consequences for noncompliance, clear language, practicality, and consistent terminology in accordance with NERC's Ten Benchmarks of an Excellent Reliability Standard.³

2.2. Types of Reliability Requirements

Although Regional Standards have a common format and development process, several types of reliability requirements may exist, each with a different approach to measurement:

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- **Performance-based Requirements** define a specific reliability objective or outcome achieved by one or more registered entities that has a direct, observable effect on the reliability of the BPS, i.e. an effect that can be measured using power system data or trends. In its simplest form, a performance-based requirement has four components: who, under what conditions (if any), shall perform what action, to achieve what particular result or outcome.
- **Risk-based Requirements** define actions by one or more registered entities that reduce a stated risk to the reliability of the BPS and can be measured by evaluating a particular product or outcome resulting from the required actions. A risk-based reliability requirement should be framed as: who, under what conditions (if any), shall perform what action, to achieve what particular result or outcome that reduces a stated risk to the reliability of the BPS.
- **Capability-based Requirements** define capabilities needed by one or more registered entities to perform reliability functions and can be measured by demonstrating that the capability exists as required. A capability-based reliability requirement should be framed as: who, under what conditions (if any), shall have what capability, to achieve what particular result or outcome to perform an action to achieve a result or outcome or to reduce a risk to the reliability of the BPS.

2.3. Elements of a Regional Standard

To ensure uniformity, all Regional Standards shall consist of the elements identified below. These elements apply a systematic discipline in the development and revision of Regional Standards. Following this format ensures that Regional Standards are measurable, enforceable, and consistent. All mandatory requirements shall be within the Regional Standard. Supporting documents to aid in the implementation of a Regional Standard may be referenced by the Regional Standard but do not themselves contain mandatory requirements subject to compliance review.

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The only enforceable parts to the Regional Standard are the Applicability, Effective Date(s), and the Requirements.

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Elements –

- **Title** – A brief, descriptive phrase identifying the topic of the Regional Standard.

³ The Ten Benchmarks of an Excellent Reliability Standard are posted on NERC's website.

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- **Number** – A unique identification number assigned in accordance with an administrative classification system to facilitate tracking and reference.
- **Purpose** – The purpose of the Regional Standard. The purpose shall explicitly state what outcome will be achieved or is expected by this Regional Standard.
- **Applicability** – Clear identification of the functional classes of registered entities responsible for complying with the Regional Standard, noting any specific additions or exceptions. If not applicable to the entire ERCOT region, this element must include a clear identification of the portion of the BPS to which the Regional Standard applies. This element should describe any limitation on the applicability of the Regional Standard based on electric facility requirements.
- **Effective Date** – The effective date of the Regional Standard or, prior to approval of the Regional Standard, the proposed effective date. Each Regional Standard shall have an associated implementation plan describing the effective date of the Regional Standard or effective dates if there is a phased implementation. The implementation plan may also describe the implementation of the Regional Standard in the compliance program and other considerations in the initial use of the Regional Standard, such as necessary tools, training, etc. The implementation plan must be posted for at least one public comment period and is approved as part of the ballot of the Regional Standard.
- **Requirements** – Explicitly stated technical, performance, and preparedness requirements. Each requirement identifies which functional class of registered entities is responsible and what action is to be performed or what outcome is to be achieved. Each statement in the requirements section shall be a statement for which compliance is mandatory.
- **Compliance Elements** –
 - **Measure(s)** – Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the associated requirement(s). Each measure will identify the functional classes of registered entities to which the measure applies and the expected level of performance or outcomes required for demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.
 - **Violation Risk Factors (VRFs)** – The potential reliability significance of each requirement, designated as a High, Medium, or Lower Risk Factor.⁴
 - **Violation Severity Levels (VSLs)** – Defines the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple “degrees” of noncompliant performance and may have only one, two, or three VSLs.⁵
- **Compliance Enforcement Authority** – The entity that is responsible for evaluating data or information to assess performance or outcomes.

⁴ The latest set of approved VRF Criteria is posted on NERC’s website.

⁵ The latest set of approved VSL Criteria is posted on NERC’s website.

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- **Compliance Monitoring and Enforcement Processes** – The processes that will be used to evaluate data or information for the purpose of assessing performance or outcomes.
- **Data Retention** – Measurement data retention requirements and assignment of responsibility for data archiving.
- **Additional Compliance Information** – Any other information related to assessing compliance such as the criteria or periodicity for filing specific reports.
- **Time Horizons** – An associated time horizon to differentiate requirements that involve shorter and narrower time frames (e.g., real-time operations) from those that involve longer and broader time frames (e.g., long-term planning).

2.4. Supporting Information Elements

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- **Interpretation** – Any interpretation of a Regional Standard that is developed and approved in accordance with section 8 of this RSDP. An interpretation is only intended to clarify or interpret requirements or attachments referenced in requirements. An interpretation is not intended to indicate compliance approaches to the requirements.
- **Supporting References** – This section references related documents that support reasons for, or otherwise provide additional information related to, the Regional Standard. Examples include but are not limited to:
 - NERC Glossary of Terms
 - Development history of the standard and prior versions
 - Notes pertaining to implementation or compliance
 - Regional Standard references
 - Regional Standard supplements
 - Procedures
 - Practices
 - Training references
 - Technical references
 - White papers
 - Internet links to related information

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IV-3. Roles in the Texas RE Regional Standards Development Process

Member Representatives Committee (MRC) – A balanced committee comprised of Texas RE members that provides advice and recommendations to the **Texas RE Board of Directors (Texas RE Board)** regarding various issues, including reliability standards, Regional Standards. The MRC and its subcommittees, in coordination with the **Texas RE Reliability Standards Manager (RSM)**, will review, participate in, and manage the **Texas RE Regional Standards Development Process**, and develop Texas RE Regional Standards on a schedule as directed by NERC and as needed per the reliability related needs of the ERCOT Region. Where necessary or appropriate, the MRC and its subcommittees in coordination with the Reliability Standards Manager will review, participate in, and manage the **Texas RE Regional Standards Development Process**, and develop Texas RE Regional Standards or Variances on a schedule as directed by NERC and as needed per the reliability related needs of the ERCOT Region. Where necessary or appropriate, the MRC will RSDP. The MRC may coordinate the development of Texas RE Regional Standards and Regional Variances with the development of national standards NERC

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Reliability Standards appearing in the NERC work plan Reliability Standards Development Plan, and the MRC will coordinate and submit comments as a group, to the extent feasible. The MRC will may also review FERC Orders pertaining to standards and standards development activities to ensure directives are addressed in regional standard Regional Standard development.

At any time during the development process, the MRC may exercise its authority over the RSDP by directing the SDT to move to section 4.6 and post the current Work Product for comment. Any interested entity (including the Originator and the RSM) that contends the SDT is not effectively progressing on a draft Regional Standard may notify the MRC. If any entity contends the MRC has not taken timely action regarding any requested Regional Standard, the entity may file a written complaint with the RSM, who will notify the MRC. If the MRC cannot resolve the complaint within sixty days, the complaining entity may request that its complaint be included on the RSM's report to the Texas RE Board.

The MRC will receive, consider, and vote upon requests for new or revised Regional Standards. The MRC will consider any requests for Regional Standards from parties that are directly and materially affected by the operation of the ERCOT region BPS that have first been submitted to the RSM for initial review.

The MRC's composition is described in the Texas RE Bylaws.⁶

Originator – Any person, acting as a representative of an organization that is directly and materially affected by the operation of the ERCOT region BPS is. Originators are allowed to request that a Regional Standard be developed, or an existing Regional Standard be modified, or deletedretired, by creatingsubmitting a Regional Standards Authorization Request (SAR) as described in Appendix B to this documentto the RSM.

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Texas RE Board of Directors (Texas RE BODBoard) – The Texas RE BODBoard shall act on any proposed Regional Standard that has gone throughcompleted the processRSDP. Once the Regional Standard is adopted by the NERC Board and approved by FERC, compliance with Texas RE will enforce the Regional Standard will be enforced consistent with the terms of the Regional Standard.

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The Texas RE Board's composition is described in the Texas RE Bylaws.⁷

Registered Ballot Body (RBB) – The Registered Ballot Body is comprised of(RBB) comprises all entities or individuals (whether or not they are Texas RE corporate members) that are ERCOT region BPS owners, operators, and users and qualify for one of the below listed membership Texas RE Standards Development Sectors, and are registered with the Texas RE as potential ballot participants in the RSDP. Each member of the RBB is eligible to join the Ballot Pool for each Regional Standard action. Members of the RBB may belong to all Sectors for which they qualify, provided that each registered entity has a different representative for each Sector to which it belongs.

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⁶ The current and approved bylaws are on Texas RE's website.

⁷ The current and approved bylaws are on Texas RE's website.

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Any qualified registered entity or individual may join the RBB at any time. The RSM will evaluate the RBB at the beginning of each project and, if deemed necessary, solicit new members.

Registered Ballot Pool (RBP Ballot Pool) – Each Regional Standard has its own ballot pool formed of interested members of the Registered Ballot Body. Through the voting process, the RBP will ensure that the need for and technical merits of a proposed Regional Standard are appropriately considered. The RBP/RBB. Members must join the RBB prior to joining the Ballot Pool. The Ballot Pool will also ensure that appropriate consideration of views and objections are received during the development process vote on a particular standard action. There may not be more than one member per Sector per registered entity in the Ballot Pool.

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Reliability Standards Manager (RSM) – A Texas RE employee assigned the task of ensuring that the development, revision, or deletion/retirement of Regional Standards is in accordance with this document RSDP. The RSM works with the MRC to ensure the integrity of the process and consistency of quality and completeness of the Regional Standards. The RSM manages the Regional Standards Development Process, RSDP, and coordinates and facilitates all actions contained in all steps in the process, including the management of the Standard Drafting Teams.

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Reliability

Texas RE Standards Staff – Employees of the Department – Texas RE that employees who work with or for the Reliability Standards Manager.

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Standard Drafting Team (SDT) – A team of technical experts, assigned by the MRC, and typically includes which may include a Texas RE employee and the Originator, assigned the task of developing a proposed Regional Standard based upon an approved Standard Authorization Request (SAR) using the Regional Standard Development Process RSDP, contained in this document.

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Texas RE Standards Development Sectors (Sectors) – The six (6) Texas RE Standards Development Sectors are defined as follows:

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- System Coordination and Planning: An entity that is registered with NERC as a Reliability Coordinator (RC), Balancing Authority (BA), Planning Authority (PA), or Resource Planner (RP).
- Transmission and Distribution: An entity that is registered with NERC as a Transmission Owner (TO), Transmission Planner (TP), Transmission Service Provider (TSP), Distribution Provider (DP), and/or Transmission Operator (TOP) and is not a Cooperative or Municipal Utility.
- Cooperative or Utility: An entity that is (a) a corporation organized under Chapter 161 of the Texas Utilities Code or a predecessor statute to Chapter 161 and operating under that chapter; or (b) a corporation organized as an electric cooperative in a state other than Texas that has obtained a certificate of authority to conduct affairs in the State of Texas; or (c) a cooperative association organized under ~~Tex. Rev. Civ. Stat. 1396.50.04 or a predecessor to that statute and operating under that statute~~ Chapter 251 of the Texas Business Organizations Code, and is registered with NERC for at least one reliability function.
- Municipal Utility: A municipally owned utility as defined in PURA §11.003 and is registered with NERC for at least one registered reliability function.

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- Generation: An entity that is registered with NERC as a Generator Owner (GO) or Generator Operator (GOP).
- Load-Serving and Marketing: An entity that secures wholesale transmission service or is engaged in the activity of buying and selling of wholesale power in the ERCOT region on a physical or financial basis, or qualifies under any newly defined NERC Function for demand response, and any entity with a direct and material interest in the ERCOT region BPS that is not eligible for membership in any other Sector reliability function for demand response.

Texas RE

V.4. Regional Standards Development Process

A. Assumptions and Prerequisites

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

- **Due process** — Any person representing an organization with a direct and material interest has a right to participate by:
 - a) Expressing an opinion and its basis;
 - b) Having that position considered; and
 - c) Appealing any negative decision
- **Openness** — Participation is open to all organizations that are directly and materially affected by ERCOT region's BPS reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in Texas RE, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of SDTs are open to all interested parties. All proposed SARs and Regional Standards are posted for comment on the Texas RE Website.
- **Balance** — The Texas RE Standards Development Process strives to have an appropriate balance of interests and shall not be dominated by any single interest category.

B. Regional Standards Development Process Steps

Note: The term "days" below refers to calendar days.

Texas RE will The RSM shall coordinate with NERC such that the acknowledgement of receipt of a Regional Standard request identified in Step 1, notice of comment posting period identified in Step 4, and notice for vote identified in Step 5 below are concurrently posted on both the Texas RE and NERC websites to ensure its adherence to NERC's Regional Reliability Standards Evaluation Procedure.⁸

⁸ This procedure is located on NERC's website.

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~~Step 1—Development of a Standards Authorization Request (SAR) to Develop, Revise, or Delete a Regional Standard~~

Any entity (

~~4.1. SAR Submittal~~

~~The first step in the RSDP is the submission of a SAR. As stated in section 3 above, an Originator that is directly or materially impacted by the operation of the BPS (including all users, owners, and operators of the BPS and regardless of whether the entity is a Texas RE member) within the geographical footprint of Texas RE may submit a SAR. The SAR may request, via a submittal of a Standard Authorization Request (SAR) form, the development, modification, or deletion/retirement of a Regional Standard or Regional Variance.~~

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~~Any such request shall be submitted to the Texas RE RSM, or his or her designee in electronic format/RSM. The SAR form may be downloaded from the Texas RE Website.~~

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~~website. An acceptable SAR contains the following:~~

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- ~~a description of the proposed Regional Standard subject matter containing sufficiently descriptive detail, proposed revision(s), or proposed retirement;~~
- ~~information to clearly define the purpose, reliability benefit, scope, and impacted parties;~~
- ~~and~~
- ~~other relevant information effor, the proposed Regional Standard, proposed revision(s), or proposed retirement.~~

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~~The RSM will/shall verify that the submitted SAR form has been/is adequately completed/complete to guide the development of a Regional Standard. The RSM may offer the Originator suggestions regarding changes and/or improvements to enhance clarity of the Originator's intent and objectives. The Originator is free to accept or reject these suggestions. Within 15 days of receipt of an adequately completed SAR, the RSM will electronically acknowledge receipt of the SAR submission to the Originator and notify the MRC of its intent to post for a public comment period.~~

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~~4.2. SAR Public Comment Period~~

~~The RSM will/shall post all adequately completed SARs/SAR submissions on the Texas RE Website/website for a 30-day public viewing and comment. This initial SAR comment period shall be 15 days. After this initial comment period, the RSM will/shall then forward/provide the SAR and all comments received during the 30-day public comment period to the MRC for its consideration at the next regularly scheduled meeting of the.~~

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~~4.3. MRC—Within 60 days of receipt of an adequately completed SAR that has been through the initial 15-day comment period, the Considers the SAR for a Standards Development Project~~

~~The MRC shall determine the disposition of the SAR and, if the no later than its next regularly scheduled MRC, deems necessary, direct the RSM/meeting. The MRC may delay its~~

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~~determination to post the revised SAR again for review and comment for another 15 day period the following scheduled MRC meeting.~~

The disposition decision process shall use the normal "business rules and procedures" of the MRC then in effect.⁹ The MRC may vote to take one of the following actions:

- **Accept** the SAR as a candidate for development of a new Regional Standard, revision of an existing Regional Standard, or ~~deletion~~retirement of an existing Regional Standard. The MRC may, in its sole discretion, expand or narrow the scope of the SAR under consideration.

~~The MRC shall prioritize the development of SARs as may be required based on the number of SARs under development at any time.~~

- **Reject** the SAR. ~~If the MRC rejects a SAR, by providing a written explanation for rejection will be delivered to the Originator within 30 days of the decision, and the Texas RE BOD Board will also be notified withof such explanation. The Texas RE BOD Board may, at its discretion, direct the MRC to reconsider any SAR that has been rejected.~~
- **Remand** the SAR back to the Originator for additional work. The RSM will make reasonable efforts to assist the Originator in addressing the deficiencies identified by the MRC. The Originator may then resubmit the modified SAR using the process above. The Originator may choose to withdraw the SAR from further consideration prior to re-submittal to the MRC. There is no established limit on the number of times a SAR may be resubmitted and posted for a public comment period using the process in sections 4.1 – 4.3.

Any SAR that is accepted by the MRC for development of a Regional Standard (or modification or ~~deletion~~retirement of an existing Regional Standard) shall be posted for public viewing on the Texas RE ~~Website~~website, and ~~their~~its status will be updated as appropriate. ~~The MRC shall prioritize the development of SARs as may be required based on the number of SARs under development at any time.~~

~~Any documentation of the deliberations of the MRC concerning SARs shall be made available according to normal business rules and procedures of the MRC then in effect.~~

~~Texas RE Staff~~The RSM shall periodically (at least once per quarter) report to and inform the MRC of the status of the project including the timely completion of the Work Product as described in section 4.5. At any point in the RSDP, the SDT may request the MRC change the scope of the SAR.

The RSM shall submit a written report to the Texas RE ~~BOD~~Board on a periodic basis (at least quarterly at regularly scheduled Texas RE ~~BOD~~Board Meetings) showing the status of all SARs that have been brought to the MRC for consideration.

Step 2 –

⁹ The current and approved MRC Procedures are on Texas RE's website.

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4.4. Formation of the Standard Drafting Team and Declaration of Milestone Date(SDT)

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Upon acceptance by the MRC of a SAR for development of a new Regional Standard (or modification or ~~deletion~~retirement of an existing Regional Standard), the MRC shall direct the RSM to assemble a qualified balanced slate for the SDT. The RSM will solicit drafting team nominees by announcing the opening of nominations to the stakeholders in the ERCOT region. The SDT shall consist of a group of people who collectively have the necessary technical expertise and work process skills to draft the ~~standard~~Regional Standard being requested in the SAR. ~~The Based on the nominations received, the RSM shall recommend to the MRC a balanced slate of ad hoc individuals or a pre-existing task force, work group, or similar group, representing multiple Sectors, if possible, for the SDT.~~ -The membership of the SDT shall not include more than one individual from any one registered entity.

~~The RSM shall submit the proposed list of names of the SDT to the MRC. The MRC shall either accept the recommendations of the RSM or modify the SDT slate, as it deems appropriate.~~

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The RSM will ~~manage~~facilitate the SDT to ensure that the ~~Texas RE Standards Development Process~~RSDP is followed, and that the ~~team~~SDT membership receives all necessary administrative support. ~~This support typically includes a Texas RE staff member and the Originator if he/she chooses to participate.~~ The RSM may develop additional guidelines to assist the SDT, but, as a general rule, the RSM will follow the then-current NERC SDT Guidelines and associated NERC SDT procedures¹⁰ in the management of the regional SDTs. ~~The MRC shall appoint the an SDT interim chair (should not be a Texas RE staff person). The SDT will~~shall elect the permanent ~~Chair~~chair and ~~Vice-vice~~ chair at its first meeting.

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~~The RSM shall submit the proposed list of names of the SDT to the MRC. The MRC will either accept the recommendations of the RSM or modify the SDT slate, as it deems appropriate within 60 days of accepting a SAR for development.~~

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4.5. Step 3 – Work and Work Product of the Standard Drafting Team

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The RSM will collaborate with the ~~mission of each SDT is to develop a work plan including the establishment of milestones for completing critical elements. This plan shall be delivered and reported to the MRC, and based upon this work plan, the MRC shall declare a preliminary date on which a completed draft an excellent, technically correct Regional Standard and associated supporting documentation will be available for comment that provides an adequate level of BES reliability. The SDT shall~~

~~The SDT is to meet, either in person or via electronic means (such as Web Exwebinar) as necessary, establish sub-work teams or groups (made up of members of the SDT) as necessary, and performsperform other activities to address the parameters of the SAR and the milestone date(s) established.~~

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The work product

For projects creating new or revising existing Regional Standards, the Work Product of the SDT willshall consist of the following:

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¹⁰ These materials are available on NERC's website.

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- A work plan including the establishment of milestones for completing critical elements. This plan shall be delivered and reported to the MRC.
- A draft Regional Standard consistent with the SAR on which it was based.
- An assessment of the impact of the SAR on neighboring regions, and appropriate input from the neighboring regions if the draft Regional Standard shall contain the SAR is determined to impact any neighboring region elements described in section 2 and the RSDP shall adhere to the attributes described in section 1.
- An implementation plan, including the nature, extent, and duration of field-testing, if any. The implementation plan shall include:
 - The proposed effective date, or date by which entities shall be compliant with the requirements;
 - New or revised definitions, if applicable, and the effective date(s) of those definition(s); and
 - Whether there are any prerequisite actions that need to be accomplished prior to registered entities being held responsible for the requirements.
- Identification of any existing Regional Standard (or other regional criteria, protocol, or rule) that may be ~~deleted~~retired, in part or whole, or otherwise impacted by the implementation of the ~~draft~~proposed Regional Standard.
- Technical reports and/or work papers that provide technical support for the ~~draft~~ Regional Standard under consideration.
- The perceived reliability impact should the Regional Standard be approved.
- A draft of recommended Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs), in coordination with Texas RE staff) that meet the latest criteria¹¹ established by NERC and Applicable Governmental Authorities. The SDT may coordinate with Texas RE Standards Department to develop VRFs and VSLs.
- A draft Reliability Standard Audit Worksheet (RSAW) developed collaboratively by the SDT and Texas RE Standards Department. RSAWs are not part of the Regional Standard. A non-binding poll may be conducted for the RSAW developed through this process to gauge industry support. Results of the non-binding poll will be provided to the Texas RE Board for informational purposes.

For projects retiring a Regional Standard, the Work Product of the SDT shall consist of the following:

- A work plan including the establishment of milestones for completing critical elements. This plan shall be delivered and reported to the MRC;
- Justification for retirement;
- A mapping document showing coverage of the requirements proposed for retirement; and
- An implementation plan identifying when the Regional Standard is to be retired.

4.6. Informal Feedback

¹¹ NERC criteria may be found on NERC's website.

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SDTs may use a variety of methods to collect informal stakeholder feedback on preliminary drafts of its Work Product, including the use of informal comment periods, webinars, industry meetings, workshops, or other mechanisms. The various methods are intended to gather feedback during the development process, and could happen at any time, without the MRC's approval. Information gathered from informal comment periods shall be publicly posted on Texas RE's website. The SDT is not required to respond to each comment received, however, the SDT should provide a summary response that describes how it used the information gathered. Informal comment periods do not include a ballot period.

4.7. MRC Considers the Work Product for Public Comment and Ballot Period

Upon completion of these tasks the Work Product, the SDT shall submit these documents to the MRC, which who will verify that the proposed Regional Standard Work Product is consistent with the SAR on which it was developed. If the MRC deems it to be appropriate, the MRC shall approve the Work Product for a public comment and ballot period for the proposed Regional Standard and implementation plan or remand the Work Product to the SDT.

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4.8. Form Ballot Pool

Any member of the RBB may join the Ballot Pool prior to the 15-day ballot period. The SDT RSM shall regularly (at least once each month) report to and inform the MRC of its progress send a notice to every member in meeting the timely completion RBB to notify them of the draft an opportunity to join the Ballot Pool for this Regional Standard. The SDT may request The notice to form the Ballot Pool must be sent at least 30 days prior to the start of the MRC ballot period.

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RBB members may join the Ballot Pool at any point in the Regional Standard Development Process, and change in the scope of the SAR during the process as long as a ballot period has not already begun.

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The MRC may, at any time, exercise its authority over the Regional Standards Development Process by directing the SDT to move to Step 4 (below) and post the current work product for comment. Any interested entity (including the Originator and the RSM) that contends that the SDT is not effectively progressing on a draft standard or variance may notify the MRC. If any entity contends that the MRC has not taken timely action regarding any requested standard, the entity may file a written complaint with the RSM, who will notify the MRC. If the MRC cannot resolve the complaint within sixty days, the complaining entity may request that its complaint be included on the RSM's report to the Texas RE BOD.

Step 4 –

4.9. Public Comment Posting Period

At the direction from the MRC

Once the MRC approves the Work Product for a public comment and ballot period, the RSM shall post the draft Regional Standard, VRFs, and VSLs on the Texas RE Website, along with a draft implementation plan and supporting documents, Work Product on the Texas RE website for a 30-day public comment period with the ballot period for the Regional Standard and implementation plan occurring during the last 15 days.

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The SDT may choose to defer the posting of draft VRFs and VSLs and RSAW for stakeholder comment ~~can be deferred until a second or later posting of the draft standard as determined by the standard drafting team; however, it is~~ Work Product. It is, however, recommended that the VRFs and VSLs and RSAW be posted for comment with the entire draft Regional Standard Work Product as early in the ~~standard development process~~ RSDP, as possible. A non-binding poll shall be conducted of the Ballot Pool to gauge industry support of the VRFs, VSLs, and RSAW prior to submittal of the Work Product to the Texas RE Board for approval.

The RSM shall ~~also give notice of the posting to all potentially interested entities inside or outside of the ERCOT region of which Texas RE is aware. The RSM will give notice using the typical communication procedures in effect or other means as deemed appropriate.~~

4.10. Ballot Period

Prior to being eligible to vote during a ballot period, members of the RBB must join the Ballot Pool for each individual project prior to the start of the ballot period for that project.

The last 15 days of the 45-day public comment period shall be the ballot period for the proposed Regional Standard and implementation plan.

Each member of the Ballot Pool for a project may only vote one of the following positions on the ballot(s):

- ~~Affirmative~~ Within 30 days of the conclusion of the 30-day comment posting period, the SDT shall convene and consider changes to the draft Regional Standard, the implementation plan, supporting technical documents, VRFs, and/or VSLs, based upon comments received.
- Affirmative with comments
- Negative with comments
- Abstain
- Abstain with comments

A ballot period may include a non-binding poll for the VRFs, VSLs and RSAW. The results of this poll will be reported to the MRC and the Texas RE Board and considered by the RSM in forming its recommendations.

~~The SDT shall also prepare a formal written response to every comment received. The SDT may then elect to return to Step 3 to revise the draft Regional Standard, implementation plan, and/or supporting technical documentation. If the comments received indicate that the VRFs or VSLs should be changed to better conform to the criteria for establishing those elements, then the SDT, working with Texas RE staff, may make revisions.~~

~~The SDT shall prepare a "modification report" summarizing the comments received, the team's responses to the comments, and the changes made to the draft standard as a result of these comments. The modification report shall also summarize comments that were rejected by the SDT and the reason(s) that these comments were rejected, in part or whole. The RSM shall post responses to all comments on the Texas RE Website no later than the next posting of the revised draft standard.~~

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Step 5—Posting for Voting by the Registered Ballot Pool

Upon recommendation of the SDT, and if the MRC concurs that all of the requirements for development of the standard have been met, the RSM shall post the proposed standard and implementation plan for ballot and the VRFs and VSLs for poll on the Texas RE Website. The RSM shall also announce the vote to approve the standard and the opportunity to provide input into the VRFs and VSLs, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

The RSM will schedule a vote among the Registered Ballot Pool, which is to be scheduled to commence no sooner than 15 days and no later than 30 days following this posting.

The RSM shall send a notice to every entity in the Registered Ballot Body (RBB) to notify them of an opportunity to become a part of the Registered Ballot Pool for this Regional Standard or Regional Variance. Each member of the RBB will be allowed the opportunity to join a single ballot pool to participate in the determination of the approval of the Regional Standard and to provide input to the “non-binding poll” on the VRFs and VSLs associated with the Regional Standard. This notice should precede the start of the ballot by at least 30 days. The purpose of this notice is to establish a ballot pool to participate in the consensus development process and ballot the proposed action. All members of the Registered Ballot Body are eligible to participate in voting on proposed new Regional Standards, Regional Standard revisions, or Regional Standard deletions. There shall be one person designated as the primary RBB representative of each entity. Those members of the RBB that sign up for the Ballot Pool become that pool.

The Texas RE Registered Ballot Pool shall be able to vote on the proposed standard and participate in the non-binding poll on the VRFs and VSLs during a 15-day period. Votes shall be submitted electronically, or through other means as approved by the MRC.

Voting is an advisory to the Texas RE BOD Board. The voting results shall be composed of only the votes from the Registered Ballot Pool members who have responded within the 15-day voting period. Votes may be accompanied by comments explaining the vote, but are not required. All comments shall be responded to and posted to unless the Texas RE Website prior to going to the MRC or Texas RE BOD vote is negative.

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4.11. Ballot Results

The RSM shall review and tally the ballot results.

Quorum is established if at least four Sectors have at least one representative who submitted an affirmative, negative, or abstention vote. A majority vote within a Sector is determined based on the affirmative and negative votes. A Regional Standard passes ballot if at least two-thirds of the voting Sectors have an affirmative vote.

If a proposed Regional Standard passes ballot during the 15-day ballot period, the SDT will consider all comments received and make necessary changes to the Work Product as described in section 4.12.

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~~If a~~ At least one (1) representative from four (4) of the six (6) Sectors must vote to constitute a quorum. Each Sector shall have two (2) Sector votes.

The "poll" taken on the violation risk factors and violation severity levels is "non-binding." The results of this poll will be reported to the Texas RE BOD and considered by Texas RE staff in forming its recommendations. The results of the poll are one element for the Texas RE BOD to consider when making a determination of whether to approve the compliance elements of the standards. The results of the poll do not determine whether these compliance elements are "approved." In addition, if stakeholder comments submitted with the non-binding poll indicate specific improvements that would improve consensus, then the SDT, working with Texas RE staff, will revise the VRFs and VSLs to reflect stakeholder comments before the VRFs and VSLs are submitted to the Texas RE BOD.

~~Step 6A — Registered Ballot Pool Voting Receives 2/3 or Greater proposed Affirmative Votes of the Texas RE Sectors~~

~~If a~~ draft Regional Standard receives 2/3 or greater affirmative votes during the 15-day voting period, the MRC will forward the Regional Standard to the Texas RE BOD for action (Step 7).

~~Step 6B — Registered Ballot Pool Voting Does Not Receive 2/3 Affirmative Votes of the Texas RE Sectors~~

~~If a~~ draft Regional Standard does not receive 2/3 or greater affirmative votes pass ballot during the 15-day voting period, the MRC may:

- ~~Revise the SAR on which the draft Regional Standard was based and remand the development work back to the original SDT, or a newly appointed will consider all comments received and revise the Work Product accordingly. The SDT. The resulting draft Regional Standard and/or implementation plan shall be posted for a second voting period. The MRC may require a second comment period prior to a second voting period. The second posting of the draft Regional Standard, implementation plan, and supporting documentation shall be within 60 days of the MRC action. will then conduct an additional 45-day comment and 15-day ballot period. If a draft~~

- ~~There are no limits to the number of comment and ballot periods that the SDT can conduct to result in a Regional Standard receives 2/3 that is clear and enforceable, to achieve a quorum, or greater to obtain sufficient affirmative votes during the second voting period, the for approval. The MRC will forward to the Texas RE BOD for action (Step 7).~~

~~If a~~ draft has the authority to end all further work on the proposed Regional Standard does not receive 2/3 or greater if, in the MRC's opinion, the SDT cannot develop a Regional Standard that is within the scope of the associated SAR, is sufficiently clear to be enforceable, or cannot achieve quorum or sufficient affirmative votes for approval.

4.12. Response to Comments

Within 30 days of the conclusion of the 45-day public comment period, the SDT shall convene and consider changes to the Work Product, based upon comments received. If the SDT

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determines revisions are substantive, the SDT must conduct an additional 45-day comment and 15-day ballot period. A non-substantive revision is a revision that does not change the scope, applicability, or intent of any Requirement and includes but is not limited to things such as correcting the numbering of a Requirement, correcting the spelling of a word, adding an obviously missing word, or rephrasing a Requirement for improved clarity. If the SDT does not make revisions or only makes non-substantive revisions, the SDT shall conduct a final 15-day ballot period.

The SDT shall also prepare a formal written response to every comment received. The responses may be provided in summary form, but all comments and objections must be responded to by the SDT. If the SDT determines there should be revisions to the VRFs, VSLs, and/or RSAW, the SDT will work with Texas RE staff to make revisions.

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The SDT shall prepare a "modification report" during the second voting period, the MRC will refer the draft containing the following:

- comments received;
- the SDT's responses to the comments;
- the changes made to the draft standard as a result of these comments; and
- ballot results.

The RSM shall post responses to all comments on the Texas RE website no later than the next posting of the revised Work Product.

4.13. Conduct Final Ballot

The SDT shall conduct a final ballot when:

- The Work Product is complete;
- The proposed Regional Standard and implementation plan have passed an initial and/or additional ballot; and
- There are no additional substantive changes to be made to the Texas RE BOD. Work Product.

The final ballot period is 15 days. The RSM will notify the Ballot Pool of the final ballot. The SDT shall provide all previous comments received and its responses to the comments.

In the final ballot, members of the Ballot Pool may indicate a revision to their most recent vote; otherwise, their vote shall remain the same as their most recent ballot. Members of the Ballot Pool who did not respond to the prior ballot are permitted to vote in the final ballot.

There is no formal comment period concurrent with the final ballot and no obligation for the drafting team to respond to any comments submitted during the final ballot.

The RSM shall review and tally the final ballot results as described in section 4.11.

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If the final ballot does not pass, the MRC may also submit an assessment, opinion, and recommendations decide whether to end all further work on the proposed Regional Standard, return the project to the SDT for additional work, or continue holding ballots to attempt to reach consensus on the proposed Regional Standard.

4.14. MRC Approves the Final Work Product to be Sent to the Texas RE BOD (Step 7)-Board

Once Direct the existing SDT to reconsider or modify certain aspects of the draft proposed Regional Standard and/or implementation plan. The resulting draft Regional Standard and/or implementation plan pass the final ballot, the MRC shall be posted for a second voting period. The MRC may require a second comment period prior to the second voting period. The second posting of approve the draft Regional Standard, implementation plan, and supporting documentation shall be within 60 days of the MRC action.

If a draft Regional Standard receives 2/3 or greater affirmative votes on the second voting period, the MRC will forward its final Work Product to be provided to the Texas RE BOD Board for action (Step 7).

If a draft Regional Standard does not receive 2/3 or greater affirmative votes on the second voting period, the MRC will refer the draft Regional Standard and implementation plan to the Texas RE BOD. The MRC may also submit an assessment, opinion, and recommendations to the Texas RE BOD (Step 7).

Step 7-

4.15. Action by the Texas RE Board of Directors

A proposed Regional Standard and VRFs and VSLs

The Work Product submitted to the Texas RE BOD Board for action shall be publicly posted at least 40 seven days prior to action by the Texas RE BOD Board. At a regular or special meeting, the Texas RE BOD Board shall consider adoption of take action on the draft Regional Standard, Implementation Plan, and shall approve the associated VRFs and VSLs for any approved Regional Standard. The Texas RE BOD Board shall be provided with an "informational package" which that includes:

- The draft Regional Standard and any modification or deletion of other related existing Regional Standard(s)
- Implementation Plan (including recommending field testing and effective dates)
- Technical Documentation supporting the draft Regional Standard
- The VRFs and VSLs recommended by Texas RE staff

- The Work Product described above in section 4.5;
- A summary of the vote ballot results; and
- A summary of the comments and responses that accompanied the votes and the non-binding poll on the VRFs, VSLs, and VSLs RSAW.

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The Texas RE BOD Board will consider the ballot results of the voting and dissenting opinions. The Texas RE BOD Board will consider any advice offered by the MRC and may shall take one of the following actions:

Approve

- Adopt the proposed new Regional Standard, modification to an existing Regional Standard, or retirement of the existing Regional Standard;
- Remand the proposed new Regional Standard, modification to an existing Regional Standard, or retirement of the existing Regional Standard to the MRC with comments and instructions; or
- Disapprove the proposed Reject the new Regional Standard, modification to an existing Regional Standard, or retirement of the existing Regional Standard without recourse.

Under no circumstances may the

The Texas RE BOD substantively modify the proposed Regional Standard.

Separately, the Texas RE BOD shall consider approval of the VRFs and VSLs for the Regional Standard. In making its determination, the BOD shall consider the following:

- The MRC shall present the results of the Board may only make non-binding poll conducted and a summary of industry comments received on the final posting of the proposed VRFs and VSLs substantive changes as described in section 4.12.

Texas RE staff shall present a set of recommended VRFs and VSLs that considers the views of the standard drafting team, stakeholder comments received on the draft VRFs and VSLs during the posting for comment process, the non-binding poll results, appropriate governmental agency rules and directives, and VRF and VSL assignments for other Regional Standards to ensure consistency and relevance across the entire spectrum of Regional Standards.

Once a Regional Standard and the associated VRFs and VSLs are approved by the Texas RE BOD, the standard and its associated compliance elements will be submitted to NERC for approval and filing with FERC.

Step 8 – Implementation of a Regional Standard

Upon approval adoption of a draft Regional Standard by the Texas RE BOD Board, the RSM will notify the memberships send notification of such action of the Texas RE BOD Board through the normal and customary membership communication procedures and processes then in effect. The RSM

4.16 Submittal to NERC

Once the Work Product is adopted by the Texas RE Board, the RSM will submit the Work Product, summary of ballot results, and summary of the comments and responses that accompanied the votes and the non-binding poll on the VRFs and VSLs to NERC staff. NERC staff will take whatever steps are prepare the necessary to have a Regional Standard reviewed and/or approved by NERC or any successor organization materials for NERC Board adoption and subsequent petition for approval to FERC according to the NERC Standards Processes Manual.

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4.17 Implementation of a Regional Standards Integration Standard

Once the Regional Standard is, implementation plan, and VRFs and VSLs are approved by FERC, the RSM shall notify the stakeholders of the effective dates and send notification of the Effective Date using the appropriate Texas RE distribution lists and communication procedures in effect or other means as deemed appropriate. The RSM will also notify the Texas RE Compliance Staff for integration into the Texas RE Compliance Monitoring and Enforcement Program (CMEP).

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Appendix A – Stakeholder Representation

The Texas RE stakeholder representation for Regional Standards development is as follows:

I. Member Representatives Committee (MRC)

The Member Representatives Committee (MRC), comprised of two representatives (except for Sectors with only one member, which will have only one representative) from each of the six Texas RE Membership Sectors (System Coordination and Planning; Transmission; Generation; Cooperative Utility; Municipal Utility; Load Serving and Marketing), is to provide balanced decision-making and due process for Regional Standards and Regional Variances. The MRC will receive, consider, and vote upon requests for new or revised Regional Standards and Regional Variances. The quorum necessary for the transaction of business at meetings of the MRC shall be the presence, in person or by proxy, of two-thirds of the voting Representatives on the MRC entitled to attend.

The MRC will consider any requests for Regional Standards or Regional Variances from parties that are directly and materially affected by the operation of the ERCOT Region BPS that have first been submitted to the RSM for initial review.

II. Texas RE Board of Directors (BOD)

Texas RE is a Texas non-profit corporation that is governed by a combination independent and balanced stakeholder board. The Texas RE Board of Directors (BOD) includes the following directors:

- Four independent directors who are independent of any ERCOT region market participant and any NERC registered entity and are nominated and elected in accordance with the requirements and procedures specified in the Texas RE Bylaws;
- Two directors from different Sectors who are selected by the Texas RE Member Representatives Committee as its chair and vice chair;
- CEO of Texas RE;
- Chairman of the Public Utility Commission of Texas (PUCT) or another PUCT Commissioner designated by the Chairman (as *ex officio* non-voting Director); and
- Texas Public Counsel from the Office of Public Utility Counsel (OPUC) or another employee of OPUC designated by Public Counsel (as *ex officio* non-voting Director).

III. Registered Ballot Body (RBB)

A Registered Ballot Body (RBB) will be comprised of representatives from all the Texas RE Standards Development Sectors, to provide balanced decision-making on Regional Standards and Regional Variances. The RBB is eligible to vote on all proposed new or revised Regional Standards or Regional Variances. The RBB requires a quorum of at least one vote from at least two-thirds of the Sectors. At all meetings, each Sector shall have one (1) Sector

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~~vote, and each voting entity is entitled to only vote. Each voting entity participating in the vote, shall receive an equal fraction of its Sector's vote. A Registered Ballot Pool (RBP) will be formed for each proposed Regional Standard or Regional Variance and will be a subset of the RBB. The RBP will vote on a particular standard action.~~

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Appendix B – Principles, Characteristics, and Special Procedures

Principles

Due process is the key to ensuring that regional reliability standards are developed in an environment that is equitable, accessible and responsive to the requirements of all interested and affected parties. An open and fair process ensures that all interested and affected parties have an opportunity to participate in the development of a standard.

The Texas RE develops Regional Standards with due consideration of the following principles, in accordance with the steps outlined in this procedure. ~~The process must ensure that any Regional Standard is technically sound and the technical specifications proposed would achieve a valuable reliability objective.~~

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The standards development process has the following characteristics:

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- ~~**Open** – Participation in the development of a Regional Standard shall be open to all organizations that are directly and materially affected by ERCOT BPS reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in ERCOT, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to ERCOT members and others.~~

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- ~~**Balanced** – The Texas RE Standards Development Process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.~~

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- ~~**Inclusive** – Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the ERCOT BPS in the Texas RE area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.~~

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- ~~**Fair due process** – The Texas RE Standards Development Process shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of interested stakeholders.~~

- ~~**Transparent** – All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the Texas RE Website.~~

- ~~Does not unnecessarily delay development of the proposed Regional Standard.~~

NERC has adopted reliability principles and market interface principles to define the purpose, scope, and nature of reliability standards. These principles are to be used to guide the development of reliability standards, including regional reliability standards. The NERC Board of Trustees may modify these principles from time to time, as necessary, to adapt its vision for reliability standards.

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~~Each Regional Standard shall enable or support one or more of the reliability principles, thereby ensuring that each Regional Standard serves a purpose in support of the reliability of the ERCOT BPS. Each Regional Standard shall also be consistent with all of the reliability principles, thereby ensuring that no Regional Standard undermines reliability through an unintended consequence~~

~~While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that BPS reliability and electricity markets are inseparable and mutually interdependent, all Regional Standards shall be consistent with NERC's market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.~~

~~II. Regional Standard Characteristics and Elements~~

~~a. Characteristics of a Regional Standard~~

~~The following characteristics describe objectives to be considered in the development of Regional Standards:~~

- ~~1. **Applicability** — Each Regional Standard clearly identifies the functional classes of entities responsible for complying with the standard, with any specific additions or exceptions noted. Such functional classes include: Reliability Coordinators, Balancing Authorities, Transmission Operators, Transmission Owners, Generator Operators, Generator Owners, Transmission Service Providers, Planning Authorities, Transmission Planners, Resource Planners, and Distribution Providers. Each Regional Standard identifies the geographic applicability of the standard. A standard may also identify any limitations on the applicability of the standard based on electric facility characteristics.~~
- ~~2. **Reliability Objectives** — Each Regional Standard has a clear statement of purpose that describes how the standard contributes to the reliability of the ERCOT BPS.~~
- ~~3. **Requirement or Outcome** — Each Regional Standard states one or more requirements, which if achieved by the applicable entities, will provide for a reliable BPS, consistent with good utility practices and the public interest.~~
- ~~4. **Measurability** — Each performance requirement is stated so as to be objectively measurable by a third party with knowledge or expertise in the area addressed by that requirement. Each performance requirement has one or more associated measures used to objectively evaluate compliance with the requirement. If performance can be practically measured quantitatively, metrics are provided to determine satisfactory performance.~~

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5. **Technical Basis in Engineering and Operations** — Each Regional Standard is based upon sound engineering and operating judgment, analysis, or experience, as determined by expert practitioners in that particular field.

6. **Completeness** — Each Regional Standard is complete and self-contained. Supporting references may be provided with standards, but they are not part of the standard and do not impose mandatory requirements.

7. **Clear Language** — Each Regional Standard is stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practice, are able to arrive at a consistent understanding of the required performance.

8. **Practicality** — Each Regional Standard establishes requirements that can be practically implemented by the assigned responsible entities within the specified effective date and thereafter.

9. **Consistent Terminology** — To the extent possible, Regional Standards use a set of standard terms and definitions that are approved through the regional standards development procedure.

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Although Regional Standards have a common format and process, several types of standards may exist, each with a different approach to measurement:

Technical standards are related to the provision, maintenance, operation, or state of electric systems, and will likely contain measures of physical parameters that are technical in nature.

- **Performance standards** are related to the actions of entities providing for or impacting the reliability of the BPS, and will likely contain measures of the results of such actions or qualities of performance of such actions.

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- **Preparedness standards** are related to the actions of entities to be prepared for conditions that are unlikely to occur, but are nonetheless critical to reliability, and will likely contain measures of such preparations or the state of preparedness.

Elements of a Regional Standard

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To ensure uniformity of regional reliability standards, a Regional Standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

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All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

4.1. Table 1 — Performance Elements of a Regional Standard

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| Identification Number | A unique identification number assigned in accordance with an administrative classification system to facilitate tracking and reference. |
| Title | A brief, descriptive phrase identifying the topic of the standard. |
| Applicability | Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions. If not applicable to the entire Texas RE area, then a clear identification of the portion of the BPS to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described. |
| Effective Date and Status | The effective date of the standard or, prior to approval of the standard, the proposed effective date. |
| Purpose | The purpose of the standard. The purpose shall explicitly state what outcome will be achieved or is expected by this standard. |
| Requirement(s) | Explicitly stated technical, performance, and preparedness requirements. Each requirement identifies what entity is responsible and what action is to be performed or what outcome is to be achieved. Each statement in the requirements section shall be a statement for which compliance is mandatory. |
| Measure(s) | Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies. |

Table 2— Compliance Elements of a Regional Standard

The following compliance elements are developed for each standard by the standard drafting team and are balloted with the regional standard:

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| Compliance Monitoring Process | <p>Defines for each measure:</p> <ul style="list-style-type: none">• Compliance Enforcement Authority: The entity that is responsible for evaluating data or information to assess performance or outcomes.• Compliance Monitoring and Enforcement Processes: The processes that will be used to evaluate data or information for the purpose of assessing performance or outcomes.• Data Retention: Measurement data retention requirements and assignment of responsibility for data archiving.• Additional Compliance Information: Any other information related to assessing compliance such as the criteria or periodicity for filing specific reports. |
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The following compliance elements are developed by the SDT, working with Texas RE staff, but are not considered to be part of the standard. These elements will be posted for stakeholder comment concurrent with the associated requirements as early in the standard development process as possible. The standard drafting team, working with Texas RE staff will respond to all comments received. The drafting team, working with Texas RE staff may make modifications to the Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) based on stakeholder comments.

A non-binding poll will be conducted to assess stakeholders' agreement with VRFs and VSLs. If stakeholder comments submitted with the non-binding poll indicate specific improvements that would improve consensus, then the SDT, working with Texas RE staff, will revise the VRFs and VSLs to reflect stakeholder comments.

The MRC will report the results of the poll and a summary of industry comments received on the final posting of the proposed VRFs and VSLs to the Texas RE BOD. Texas RE staff will develop for BOD approval recommended assignments of VRFs and VSLs associated with Regional Standards being presented for approval by the BOD. In developing the recommended VRF and VSL assignments, Texas RE staff will take into consideration the views of the standard drafting team, stakeholder comments received on the draft VRFs and VSLs during the posting for comment process, the non-binding poll results, regulatory directives, and VRF and VSL assignments for other Regional Standards to ensure consistency and relevance across the entire spectrum of NERC Reliability Standards.

The Texas RE BOD has the authority to approve Violation Risk Factors and Violation Severity Levels and may modify the VRF or VSL proposed by Texas RE staff.

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| Violation Risk Factors | <p>The potential reliability significance of each requirement, designated as a High, Medium, or Lower Risk Factor in accordance with the criteria listed below:</p> <p>A High Risk Factor requirement (a) is one that, if violated, could directly cause or contribute to bulk power system instability, separation, or a cascading sequence of failures, or could place the</p> |
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| | <p>bulk power system at an unacceptable risk of instability, separation, or cascading failures; or (b) is a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk power system instability, separation, or a cascading sequence of failures, or could place the bulk power system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.</p> <p>A Medium Risk Factor requirement (a) is a requirement that, if violated, could directly affect the electrical state or the capability of the bulk power system, or the ability to effectively monitor and control the bulk power system, but is unlikely to lead to bulk power system instability, separation, or cascading failures; or (b) is a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly affect the electrical state or capability of the bulk power system, or the ability to effectively monitor, control, or restore the bulk power system, but is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk power system instability, separation, or cascading failures, nor to hinder restoration to a normal condition.</p> <p>A Lower Risk Factor requirement is administrative in nature and (a) is a requirement that, if violated, would not be expected to affect the electrical state or capability of the bulk power system, or the ability to effectively monitor and control the bulk power system; or (b) is a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to affect the electrical state or capability of the bulk power system, or the ability to effectively monitor, control, or restore the bulk power system.</p> |
| <p>Violation Severity Levels (VSLs)</p> | <p>Defines the degree to which compliance with a requirement was not achieved. Each requirement must have at least one VSL. While it is preferable to have four VSLs for each requirement, some requirements do not have multiple "degrees" of noncompliant performance and may have only one, two, or three VSLs.</p> <p>Lower Violation Severity Level:</p> <ul style="list-style-type: none"> ● Missing a minor element (or a small percentage) of the required performance <p>Moderate Violation Severity Level:</p> <ul style="list-style-type: none"> ● Missing at least one significant element (or a moderate percentage) of the required performance. |

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High-Violation Severity Level:

- Missing more than one significant element (or is missing a high percentage) of the required performance or is missing a single vital component.

Severe Violation Severity Level:

- Missing most or all of the significant elements (or a significant percentage) of the required performance.

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4.1. Table 3 – Supporting Information Elements

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| Interpretation | Any interpretation of regional reliability standard that is developed and approved in accordance with Section VI “Interpretation of Regional Standards” in Appendix B of this procedure, to expound on the application of the standard for unusual or unique situations or to provide clarifications. |
| Implementation Plan | Each regional reliability standard shall have an associated implementation plan describing the effective date of the standard or effective dates if there is a phased implementation. The implementation plan may also describe the implementation of the standard in the compliance program and other considerations in the initial use of the standard, such as necessary tools, training, etc. The implementation plan must be posted for at least one public comment period and is approved as part of the ballot of the standard. |
| Supporting References | This section references related documents that support reasons for, or otherwise provide additional information related to the regional reliability standard. Examples include, but are not limited to: <ul style="list-style-type: none">• Glossary of terms• Developmental history of the standard and prior versions• Notes pertaining to implementation or compliance• Regional Standard references• Regional Standard supplements• Procedures• Practices• Training references• Technical references• White papers• Internet links to related information |

~~III. 5. Maintenance of the Texas RE Regional Standards Development Process RSDP Significant changes~~

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~~Changes to this process which the RSDP that are not made as part of a Texas RE request for an amendment to the Delegation Agreement change to Texas RE’s Bylaws, or other corporate governance changes documents or processes, shall begin with the preparation of a SAR and be addressed using the same procedure as a request to add, modify, or delete/retire a Regional Standard.~~

~~The MRC has the authority to make ‘minor’ changes to this process RSDP, as deemed appropriate, by the MRC and subject to the MRC voting practices and procedures then in effect. The RSM,~~

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on behalf of the MRC, shall promptly notify the Texas RE ~~BOD~~Board of such changes to this ~~process~~RSDP for their review and concurrence at the next Texas RE ~~BOD~~Board meeting.

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~~4-6.~~ Maintenance of Regional Standards

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The RSM shall ensure that each Regional Standard is ~~reviewed~~ considered for review at least once every five years from ~~the~~its effective date ~~of the Standard~~ or the latest revision to the Regional Standard, whichever is ~~the~~ later. The review process ~~shall~~may be conducted by soliciting comments from the stakeholders. ~~If no changes are warranted or, if the MRC feels it necessary, by a review team of subject matter experts. Based on the review, the RSM, shall~~will recommend to the Texas RE ~~BOD~~Board that the Regional Standard be reaffirmed, revised, or retired. If the review indicates a need to revise, or ~~delete~~retire a Regional Standard, a SAR shall be prepared and submitted in accordance with ~~the standards development process contained in this process~~this RSDP.

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~~4-7.~~ Urgent Action

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Under certain conditions, the MRC may designate a proposed Regional Standard ~~or revision to a standard~~ as requiring urgent action. Urgent action may be appropriate when a delay in implementing a proposed ~~standard or revision~~Regional Standard could materially impact reliability of the BPS. The MRC must use its judgment carefully to ensure an urgent action is truly necessary and ~~not simply an expedient way to change or implement a Regional Standard.~~

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An ~~originator~~Originator shall prepare a SAR and a draft of the proposed ~~standard~~Regional Standard and submit to the RSM. The ~~standard request~~SAR must include a justification for urgent action, ~~risk of not implementing the proposed standard, and cost of rapid implementation on industry and customer base.~~ The RSM submits the request to the MRC for its consideration. If the MRC designates the requested ~~standard or revision~~project as an urgent action item, then the RSM shall immediately post the draft for pre-ballot review. This posting requires a minimum 30-day posting period ~~before~~with the ballot ~~and applies~~period in the final 10 days followed by a 10-day final ballot period. The same voting procedure as detailed in ~~Step 6~~Section 4 applies.

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Any Regional Standard approved as an urgent action shall have a termination date specified that shall not exceed one year from the ~~FERC~~ approval date. Should there be a need to make the ~~standard~~Regional Standard permanent, the standard would be required to go through the full ~~Regional Standard Development Process.~~RSDP. All urgent action ~~standards~~Regional Standards require Texas RE ~~BOD~~Board, NERC, and FERC approval, as outlined for ~~standards~~Regional Standards in the regular process.

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Urgent actions that expire may be renewed using the urgent action process again, in the event a permanent standard is not adopted¹². In determining whether to authorize an urgent action standard for a renewal ballot, the MRC shall consider the impact of the standard on the reliability

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¹² The MRC will monitor the urgent action standard and, should the need for a renewal of the urgent action standard arise, potentially take steps to renew the urgent action standard with sufficient time for NERC adoption and FERC approval.

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of the BPS and whether expeditious progress is being made toward a permanent replacement standard. The MRC shall not authorize a renewal ballot if there is insufficient progress toward adopting a permanent replacement standard or if the MRC lacks confidence that a reasonable completion date is achievable. The intent is to ensure that an urgent action standard does not in effect take on a degree of permanence due to the lack of an expeditious effort to develop a permanent replacement standard. With these principles, there is no predetermined limit on the number of times an urgent action may be renewed. However, each urgent action standard renewal shall be effective only upon approval by the Texas RE BOD Board, and approval by applicable governmental authorities.

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Any person or entity, including the drafting team SDT, working on a permanent replacement standard Regional Standard, may at any time submit a standard request proposing that propose an urgent action standard become a permanent standard by following the full standards process.

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VI.8. Interpretations of Regional Standards

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All persons who are directly and materially affected by ERCOT's BPS reliability shall be permitted to request an interpretation of a Regional Standard or Regional Variance (collectively referred to as Regional Standard). The person requesting an interpretation shall send a request to the RSM electronically using the Interpretation Request Form explaining the specific circumstances surrounding the request and what clarifications are required as applied to those circumstances. The request should indicate the material impact to the requesting party or others caused by the lack of clarity or a possibly incorrect interpretation of the standard Regional Standard. An interpretation is only intended to clarify or interpret requirements or attachments referenced in requirements. An interpretation is not intended to indicate compliance approaches to the requirements.

The

Once the interpretation request is submitted, the RSM shall assemble will review the request to determine whether it meets the criteria for an interpretation. Based on its review, the RSM shall make a team recommendation to the MRC on whether or not to accept the request as a project.

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The MRC may take the following actions with the relevant regards to interpretations:

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- Accept the interpretation request, as detailed in Section 8.1 below; or
- Reject the interpretation request as detailed in the paragraph below. The RSM, on behalf of the MRC, must respond to the person requesting the interpretation within 10 days of the rejection.

The MRC may reject the interpretation request for the following reasons:

- The request asks for a compliance approach;
- The request identifies a gap in the Regional Standard;
- The request can be addressed by an SDT of an active project;
- The request asks for clarification on an element other than the requirements;
- The request asks for something that has been addressed in the Regional Standard's record;
- The request asks for development of a new or revised Regional Standard. This should be addressed via a SAR submittal;

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- The request seeks to expand the scope of the Regional Standard; or
The meaning of a Regional Standard is clear and evident by inspection or the plain words that are written.

8.1. Process for Developing an Interpretation

Upon acceptance by the MRC of an interpretation request for development, the RSM shall solicit interpretation drafting team (IDT) nominees by announcing the opening of nominations to the stakeholders in the ERCOT region. The IDT shall consist of a group of people who collectively have the necessary technical expertise to address the clarification. The Interpretation Drafting Team (IDT) typically consists of members and work process skills to draft the interpretation being requested in the interpretation request. Based on the nominations received, the RSM shall recommend to the MRC a balanced slate, representing multiple Sectors, if possible, for the IDT. The membership of the IDT shall not include more than one individual from the original SDT. The RSM shall submit the proposed list of names of the IDT to the MRC any one entity. The MRC will either accept the recommendations of the RSM or modify the IDT slate.

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As soon as practical (not more than 45 days), the team IDT will meet to draft a written interpretation to the Regional Standard addressing the issues raised. Once the IDT has completed a draft interpretation to the Regional Standard addressing only the issues raised, the team will forward the Texas RE Standards Department shall review the draft interpretation to the RSM. The RSM will forward determine whether it meets the criteria for a valid interpretation. Once the criteria is met, the RSM shall provide the draft interpretation to the Texas RE Chief Executive Officer. The Chief Executive Officer shall assess if the inclusion of the interpretation lessens the measurability of the Regional Standard. Barring receipt of an opinion from the Chief Executive Officer within 21 days, that the interpretation lessens measurability or is not technically appropriate for the Regional Standard, the RSM shall forward the interpretation to the MRC. The MRC shall determine if the interpretation is consistent with the Regional Standard. The RSM, on behalf of the MRC, shall forward the interpretation to the Texas RE BOD for informational purposes as being appended to the approved Regional Standard. MRC for consideration.

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Note: In the event that the Chief Executive Officer determines that measurability is lessened, the Chief Executive Officer shall provide an explanation of his/her reasoning to the RSM and IDT for inclusion in a subsequent revision. In either case, the IDT and RSM will continue to re-circulate the interpretation as stated above.

The Interpretation

The MRC, after reviewing the draft interpretation, shall determine whether to authorize posting of the draft interpretation for comment and ballot or remand the draft interpretation to the IDT for further work. Once approved for posting by the MRC, the draft interpretation shall be balloted and approved in the same manner as Regional Standards (see section 4.0).

If the draft interpretation does not pass the ballot, the RSM shall notify the MRC. Depending on the reasons for failing ballot, a SAR may be submitted. The person that requested the interpretation shall be notified.

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The Interpretation shall stand until such time as the Regional Standard is revised through the normal process, at which time it can be incorporated into a future revision of the Regional Standard, will be modified to incorporate the clarifications provided by the interpretation or is retired due to a future modification of the applicable Requirement.

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~~VII. 9.~~ Appeals

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Persons who have directly and materially affected interests, as determined by the RSM, and who have been or will be adversely affected by any substantive or procedural action or inaction related to the development, approval, revision, reaffirmation, or withdrawal/retirement of a Regional Standard shall have the right to appeal. This Appeals Process/appeals process applies only to this Regional Standards Process/RSDP.

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The burden of proof to show adverse effect shall be on the appellant. Appeals shall be made within 30 days of the date of the action purported to cause the adverse effect, except appeals for inaction, which may be made at any time. In all cases, the request for appeal must be made prior to the next step in the process/final consideration of a Regional Standard by the Texas RE Board.

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The final decisions of any appeal shall be documented in writing and made public.

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The Appeals Process/appeals process provides two levels, with the goal of expeditiously resolving the issue to the satisfaction of the participants:

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Level 1 Appeal

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Level 1 is the required first step in the appeals process. The appellant submits a complaint in writing to the RSM that describes the substantive or procedural action or inaction associated with Regional Standard or the Regional Standards Process. The appellant describes in RSDP. In the complaint, the appellant must describe the actual or potential adverse impact to the appellant. Assisted/Within 45 days after receipt of the complaint, the RSM, assisted by any necessary staff and committee/MRC resources, the RSM shall prepare a written response, addressed to the appellant as soon as practical, but not more than 45 days after receipt of the complaint. If the appellant accepts the response as a satisfactory resolution of the issue, both the complaint and response will be made a part of the public record associated with the Regional Standard.

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Level 2 Appeal

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If after the Level 1 Appeal/appeal the appellant remains unsatisfied with the resolution, as indicated by the appellant in writing to the RSM, the RSM shall convene a Level 2 Appeals Panel/appeals panel. This panel shall consist of five members total appointed by the Texas RE BOD/Board. In all cases, Level 2 Appeals Panel Members/appeals panel members shall have no direct affiliation with the participants in the appeal.

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The RSM shall post the complaint and other relevant materials and provide at least 30 days/days' public notice of the meeting of the Level 2 Appeals Panel/appeals panel. In addition to the appellant, any person that is directly and materially affected, as determined by the appeals panel,

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by the substantive or procedural action or inaction referenced in the complaint shall be heard by the panel. The panel shall not consider any expansion of the scope of the appeal that was not presented in the Level 1 Appeal. The panel may in its decision find for the appellant and remand the issue to the MRC with a statement of the issues and facts in regard to regarding which fair and equitable action was not taken. The panel may find against the appellant with a specific statement of the facts that demonstrate fair and equitable treatment of the appellant and the appellant's objections. The panel may not, however, revise, approve, disapprove, or adopt a Regional Standard. The actions of the Level 2 Appeals Panel shall be publicly posted.

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In addition to the foregoing, a procedural objection that has not been resolved may be submitted to Texas RE BOD Board for consideration at the time the Texas RE BOD Board decides whether to adopt a particular Regional Standard. The objection must be in writing, signed by an officer of the objecting entity, and contain a concise statement of the relief requested and a clear demonstration of the facts that justify that relief. The objection must be filed no later than 30 days after the announcement of the vote on the Regional Standard in question.

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Appendix C – Regional Standard Authorization Request Form

The tables below provide a representative example of information in a Regional Standard Authorization Request (SAR). The RSM shall be responsible for implementing and maintaining the applicable form as needed to support the information requirements of the Texas RE Standards Process. The latest version of the form will be downloadable from the Texas RE's Standards Development Web page.

Standard Authorization Request

–Texas RE to complete

10. Field Tests

If the SDT determines a field test is appropriate for a project, the RSM shall follow a process for field tests or collection and analysis of data to validate concepts, that is consistent with the process identified in the NERC Standards Processes Manual, as may be amended. Approval for a Texas RE field test shall be obtained from the MRC with consultation from Texas RE subject matter experts, as needed. Approval is neither required from NERC nor is there a requirement to consult NERC subject matter experts.

Appendix A – Balloting Examples

Pursuant to the Texas RE RSDP, quorum is established if at least four of the six sectors have submitted an affirmative, negative, or abstention vote. A majority vote within a Sector is determined based on the affirmative and negative votes. A Regional Standard is approved if at least two-thirds of the voting Sectors have an affirmative vote. The following are examples of potential voting scenarios. The yellow areas indicate where a Sector did not cast a vote. The green areas with **bold** numbers represent majority votes within a Sector.

Example RBB

| ID-Sector | Number Registered in the RBB |
|--|------------------------------|
| Authorized for Development 2. Transmission and Distribution (TO, TP, TSP, DP, TOP) | 4 |

Authorized for Posting-1. System Coordination or RP)

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| | |
|-------------------------------|-----------|
| 3. Cooperative Utility | 4 |
| 4. Municipal Utility | 3 |
| 5. Generation | 2 |
| 6. Load-serving and Marketing | 2 |
| Totals | 16 |

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Example 1 – A quorum has been established with 4 of the 6 Sectors having registered an affirmative, negative, or an abstention vote. Two-thirds of the Sectors (4 of 4 voting Sectors) have voted to approve the Standard. The Standard is approved.

| Title of Proposed Regional Standard: _____ Example 1 | Request Date: _____ Sector | No. in Ballot Pool | Votes | | | |
|--|----------------------------|--------------------|-------------|----------|---------|-----------|
| | | | Affirmative | Negative | Abstain | No Ballot |
| System Coordination and Planning (RC, BA, PA, or RP) | | 1 | 1 | 0 | 0 | 0 |
| Transmission and Distribution (TO, TP, TSP, DP, TOP) | | 4 | 3 | 1 | 0 | 0 |
| Cooperative Utility | | 4 | 4 | 0 | 0 | 0 |
| Municipal Utility | | 3 | 3 | 0 | 0 | 0 |
| Generation | | 2 | 0 | 0 | 0 | 2 |
| Load-serving and Marketing | | 2 | 0 | 0 | 0 | 2 |
| Totals | | 16 | | | | |

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SAR Originator Information

Example 2 – A quorum has been established with 4 of the 6 Sectors having registered an affirmative, negative, or an abstention vote. Less than two-thirds of the Sectors (1 of 4 voting Sectors) have voted to approve the Regional Standard. The Regional Standard is NOT approved.

| Name: _____ Example 2 | SAR Type (Check one box.) | Votes |
|-----------------------|---------------------------|-------|
| | | |

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| | | | | | |
|--|----|---|---|---|---|
| System Coordination and Planning (RC, BA, PA, or RP) | 1 | 1 | 0 | 0 | 0 |
| Transmission and Distribution (TO, TP, TSP, DP, TOP) | 4 | 1 | 3 | 0 | 0 |
| Cooperative Utility | 4 | 0 | 0 | 0 | 4 |
| Municipal Utility | 3 | 0 | 0 | 0 | 3 |
| Generation | 2 | 0 | 0 | 0 | 2 |
| Load-serving and Marketing | 2 | 0 | 0 | 0 | 2 |
| Totals | 16 | | | | |

Example 4 – A quorum has been established with 5 of the 6 Segments having registered an affirmative, negative, or an abstention vote. The Standard is NOT approved because two-thirds of the Segments did not cast an affirmative vote. The Generation Sector’s vote is considered negative because a majority did not cast an affirmative vote.

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| Sector | No. in Ballot Pool | Votes | | | |
|--|--------------------|-------------|----------|---------|-----------|
| | | Affirmative | Negative | Abstain | No Ballot |
| System Coordination and Planning (RC, BA, PA, or RP) | 1 | 1 | 0 | 0 | 0 |
| Transmission and Distribution (TO, TP, TSP, DP, TOP) | 4 | 1 | 3 | 0 | 0 |
| Cooperative Utility | 4 | 2 | 1 | 0 | 1 |
| Municipal Utility | 3 | 1 | 2 | 0 | 0 |
| Generation (GO, GOP) | 2 | 1 | 1 | 0 | 0 |
| Load-serving and Marketing | 2 | 2 | 0 | 0 | 2 |
| Totals | 16 | | | | |

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Brief Description (Describe the proposed regional reliability standard in sufficient detail to clearly define the scope in a manner that can be easily understood by others.)

Reliability Functions

| The Regional Standard will Apply to the Following Functions (Check all applicable boxes.) | | |
|--|-------------------------------|---|
| <input type="checkbox"/> | Reliability Coordinator | The entity that is the highest level of authority who is responsible for the reliable operation of the BPS, has the Wide Area view of the BPS, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator's vision. |
| <input type="checkbox"/> | Balancing Authority | The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real-time. |
| <input type="checkbox"/> | Planning Authority | The responsible entity that coordinates and integrates transmission facility and service plans, resource plans, and protection systems. |
| <input type="checkbox"/> | Transmission Service Provider | The entity that administers the transmission tariff and provides Transmission Service to Transmission Customers under applicable transmission service agreements. |
| <input type="checkbox"/> | Transmission Owner | The entity that owns and maintains transmission facilities. |
| <input type="checkbox"/> | Transmission Operator | The entity responsible for the reliability of its "local" transmission system, and that operates or directs the operations of the transmission facilities. |
| <input type="checkbox"/> | Transmission Planner | The entity that develops a long-term (generally one year and beyond) plan for the reliability (adequacy) of the interconnected bulk power transmission systems within its portion of the Planning Authority Area. |
| <input type="checkbox"/> | Resource Planner | The entity that develops a long-term (generally one year and beyond) plan for the resource adequacy of specific loads (customer demand and energy requirements) within a Planning Authority Area. |
| <input type="checkbox"/> | Generator Operator | The entity that operates generating unit(s) and performs the functions of supplying energy and Interconnected Operations Services. |
| <input type="checkbox"/> | Generator Owner | Entity that owns and maintains generating units. |
| <input type="checkbox"/> | Distribution Provider | Provides and operates the "wires" between the transmission system and the customer. |

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Reliability and Market Interface Principles

| Applicable Reliability Principles <i>(Check all boxes that apply.)</i> | |
|---|--|
| <input type="checkbox"/> | 1. Interconnected BPSs shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards. |
| <input type="checkbox"/> | 2. The frequency and voltage of interconnected BPSs shall be controlled within defined limits through the balancing of real and reactive power supply and demand. |
| <input type="checkbox"/> | 3. Information necessary for the planning and operation of interconnected BPSs shall be made available to those entities responsible for planning and operating the systems reliably. |
| <input type="checkbox"/> | 4. Plans for emergency operation and system restoration of interconnected BPSs shall be developed, coordinated, maintained, and implemented. |
| <input type="checkbox"/> | 5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected BPSs. |
| <input type="checkbox"/> | 6. Personnel responsible for planning and operating interconnected BPSs shall be trained, qualified, and have the responsibility and authority to implement actions. |
| <input type="checkbox"/> | 7. The security of the interconnected BPSs shall be assessed, monitored, and maintained on a wide-area basis. |

Does the proposed Regional Standard comply with all of the following Market Interface Principles? *(Select 'yes' or 'no' from the drop-down box.)*

Recognizing that reliability is an Common Attribute of a robust North American economy:

- ~~1. A reliability standard shall not give any market participant an unfair competitive advantage. Yes~~
- ~~2. A reliability standard shall neither mandate nor prohibit any specific market structure. Yes~~
- ~~3. A reliability standard shall not preclude market solutions to achieving compliance with that standard. Yes~~
- ~~4. A reliability standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards. Yes~~

Detailed Description *(Provide enough detail so that an independent entity familiar with the industry could draft a standard based on this description.)*

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Related Standards

| Standard No. | Explanation |
|--------------|-------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Related SARs

| SAR ID | Explanation |
|--------|-------------|
| _____ | _____ |
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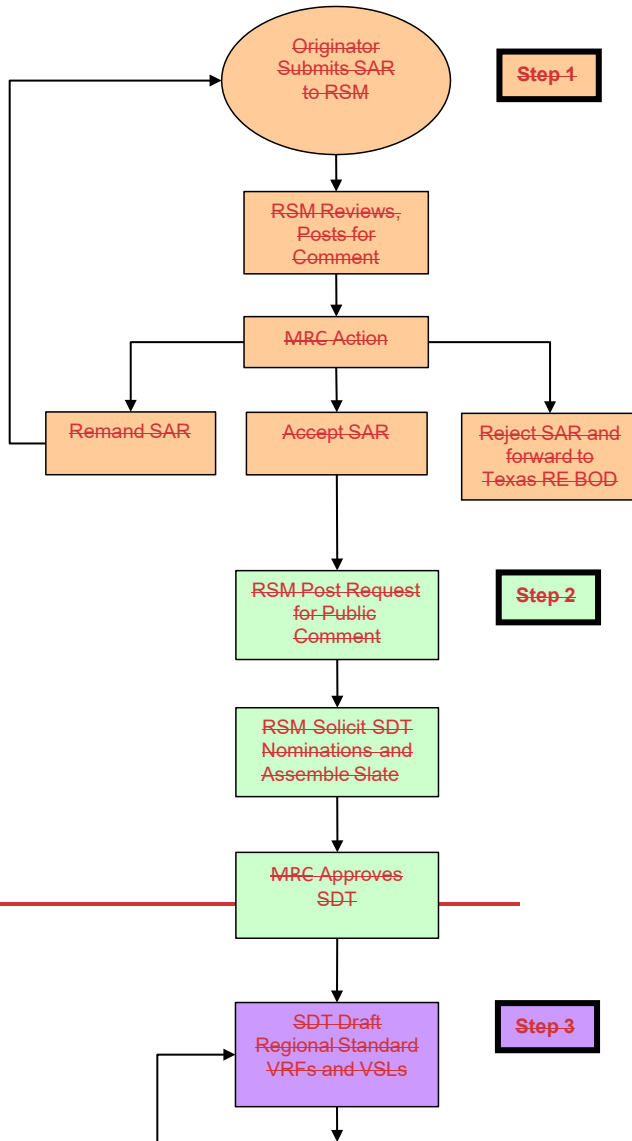
Appendix D – Texas RE Standards Development Process Diagram

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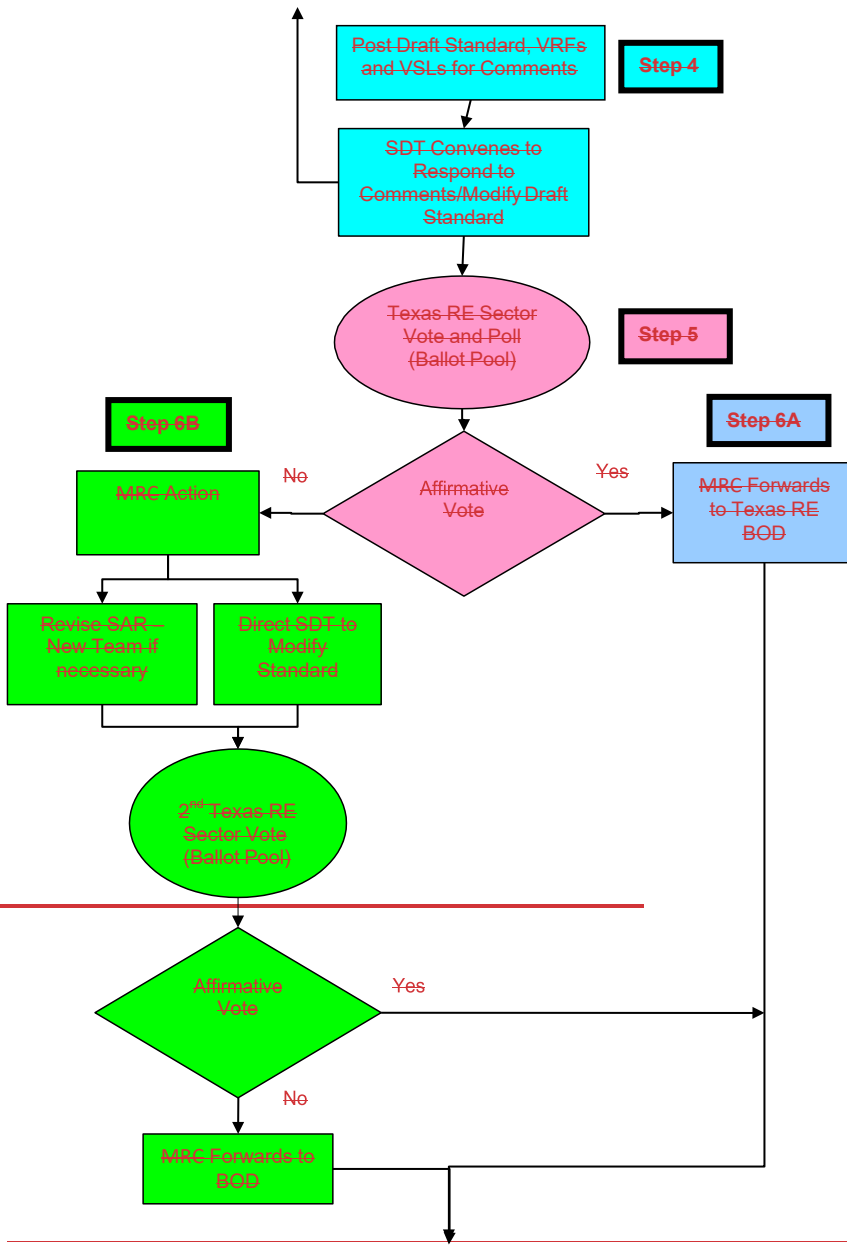


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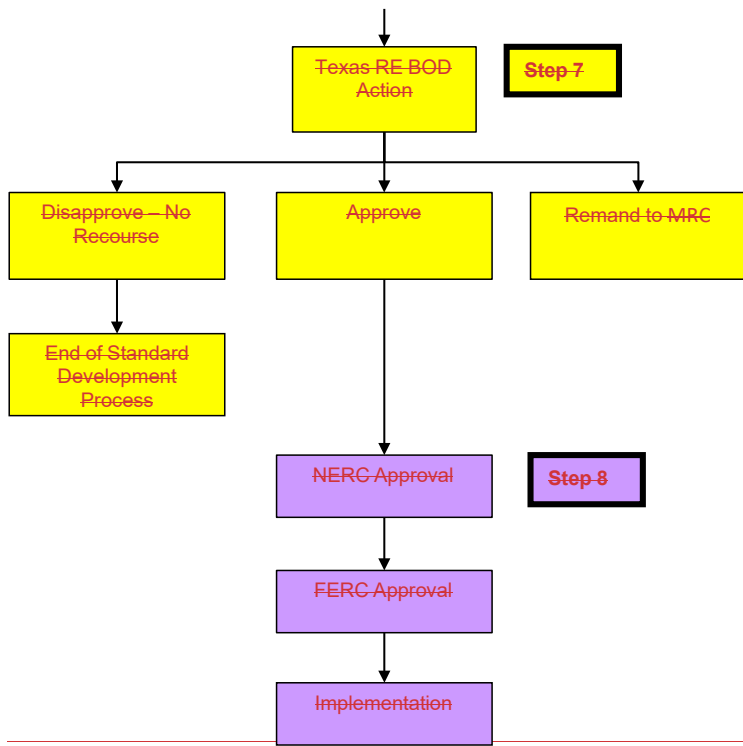
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